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Legislative History – Montana Session Law

Chapter: 351 Session L: 1989

Bill Number: SB 78

Checklist of Bill History

History and Final Status Sheet



Introduced Bill



Fiscal Note



Third Reading Bill



Final Version of Bill



House

Committee: Appropriations

Hearing Date(s): 3/13/1989

Committee Report: 3/13/1989

Senate

Committee: Finance & Claims

Hearing Date(s): 1/25/1989

Committee Report: 2/1/1989

Conference Committee

Hearing Date(s):

Conference Committee Report:

Compiler Notes

Compiled by: SK Marshall

Date: 8/1/2025

Notes: Audio/Video recordings (if they exist) will be held by the Montana Historical Society.

Thank you!

SENATE FINAL STATUS

1/09	FISCAL NOTE REQUESTED		
1/12	HEARING		
1/13	COMMITTEE REPORT--BILL PASSED		
1/14	FISCAL NOTE RECEIVED		
1/16	FISCAL NOTE PRINTED		
1/17	2ND READING PASSED	36	14
1/19	3RD READING PASSED	38	12
	TRANSMITTED TO HOUSE		
2/21	REFERRED TO LOCAL GOVERNMENT		
3/02	HEARING		
3/03	COMMITTEE REPORT--BILL CONCURRED		
3/04	2ND READING CONCUR MOTION FAILED	39	47
3/06	RECONSIDERED PREVIOUS ACTION	53	43
	RETURNED TO HOUSE		
3/09	2ND READING CONCURRED AS AMENDED	58	30
3/13	3RD READING CONCURRED	60	36
	RETURNED TO SENATE WITH AMENDMENTS		
3/15	2ND READING AMENDMENTS NOT CONCURRED	40	0
3/17	CONFERENCE COMMITTEE APPOINTED		
3/23	CONFERENCE COMMITTEE REPORT NO. 1		
3/30	2ND READING CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	48	2
4/01	3RD READING CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	43	5
	HOUSE		
3/18	CONFERENCE COMMITTEE APPOINTED		
3/23	CONFERENCE COMMITTEE REPORT NO. 1		
3/30	2ND READING CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	53	42
3/31	3RD READING CONFERENCE COMMITTEE REPORT NO. 1 ADOPTED	57	39
4/06	SIGNED BY PRESIDENT		
4/08	SIGNED BY SPEAKER		
4/10	TRANSMITTED TO GOVERNOR		
4/15	SIGNED BY GOVERNOR		
	CHAPTER NUMBER 560 EFFECTIVE DATE: 7/01/89		

SB 78 INTRODUCED BY REGAN, ET AL.
 RECLASSIFY AS GENERAL FUND CERTAIN STATE SPECIAL
 REVENUE FUND ACCOUNTS
 BY REQUEST OF LEGISLATIVE FINANCE COMMITTEE

1/06	INTRODUCED		
1/06	REFERRED TO FINANCE & CLAIMS		
1/25	HEARING		
2/06	COMMITTEE REPORT--BILL PASSED AS AMENDED		
2/08	2ND READING PASSED	25	22
2/10	3RD READING FAILED	24	25
2/11	RECONSIDERED PREVIOUS ACTION AND PLACED ON 2ND READING	26	19
2/13	2ND READING DO PASS MOTION FAILED	25	25
2/14	2ND READING PASSED	25	19
2/16	3RD READING PASSED	30	20

TRANSMITTED TO HOUSE

SENATE FINAL STATUS

2/21	REFERRED TO APPROPRIATIONS		
3/13	HEARING		
3/14	COMMITTEE REPORT--BILL CONCURRED		
3/15	2ND READING CONCURRED	55	30
3/16	3RD READING CONCURRED	71	25

RETURNED TO SENATE
 3/22 SIGNED BY PRESIDENT
 3/22 SIGNED BY SPEAKER
 3/23 TRANSMITTED TO GOVERNOR
 3/28 SIGNED BY GOVERNOR
 CHAPTER NUMBER 351 EFFECTIVE DATE: 7/01/89

SB 79 INTRODUCED BY MAZUREK
 ALLOW TRADE AND PROFESSIONAL ASSOCIATION MEMBERS'
 ARBITRATION

1/06	INTRODUCED		
1/06	REFERRED TO JUDICIARY		
1/10	HEARING		
1/10	COMMITTEE REPORT--BILL PASSED		
1/12	2ND READING PASSED	43	1
1/14	3RD READING PASSED	48	0

	TRANSMITTED TO HOUSE		
2/21	REFERRED TO JUDICIARY		
3/09	HEARING		
3/10	COMMITTEE REPORT--BILL CONCURRED		
3/11	2ND READING CONCURRED	85	2
3/13	3RD READING CONCURRED	94	2

RETURNED TO SENATE
 3/16 SIGNED BY PRESIDENT
 3/16 SIGNED BY SPEAKER
 3/17 TRANSMITTED TO GOVERNOR
 3/22 SIGNED BY GOVERNOR
 CHAPTER NUMBER 236 EFFECTIVE DATE: 10/01/89

SB 80 INTRODUCED BY HIMSL, ET AL.
 ELIMINATE OTHER STATE SPECIAL REVENUE FUND CATEGORY
 IN STATE FUND STRUCTURE
 BY REQUEST OF LEGISLATIVE FINANCE COMMITTEE

1/06	INTRODUCED		
1/06	REFERRED TO FINANCE & CLAIMS		
1/25	HEARING		
2/06	COMMITTEE REPORT--BILL PASSED		
2/08	2ND READING PASSED	49	0
2/10	3RD READING PASSED	48	0

	TRANSMITTED TO HOUSE		
2/21	REFERRED TO APPROPRIATIONS		
3/13	HEARING		
3/14	COMMITTEE REPORT--BILL CONCURRED		
3/15	2ND READING CONCURRED	76	12
3/16	3RD READING CONCURRED	89	6

RETURNED TO SENATE
 3/22 SIGNED BY PRESIDENT
 3/22 SIGNED BY SPEAKER

SENATE BILL NO. 78

INTRODUCED BY REGAN, HIMSL, BARDANOUVE
BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

IN THE SENATE

JANUARY 6, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON FINANCE & CLAIMS.
	FIRST READING.
FEBRUARY 6, 1989	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
FEBRUARY 7, 1989	PRINTING REPORT.
FEBRUARY 8, 1989	SECOND READING, DO PASS.
FEBRUARY 9, 1989	ENGROSSING REPORT.
FEBRUARY 10, 1989	THIRD READING, FAILED. AYES, 24; NOES, 25.
FEBRUARY 11, 1989	ON MOTION, PREVIOUS ACTION RECONSIDERED AND BILL PLACED ON SECOND READING THE 27TH LEGISLATIVE DAY.
FEBRUARY 13, 1989	SECOND READING, MOTION BILL DO PASS. MOTION FAILED. AYES, 25; NOES, 25.
FEBRUARY 14, 1989	SECOND READING, DO PASS.
FEBRUARY 15, 1989	ENGROSSING REPORT.
FEBRUARY 16, 1989	THIRD READING, PASSED. AYES, 30; NOES, 20.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 16, 1989	INTRODUCED AND REFERRED TO COMMITTEE ON APPROPRIATIONS.
FEBRUARY 20, 1989	FIRST READING.

MARCH 14, 1989

COMMITTEE RECOMMEND BILL BE
CONCURRED IN. REPORT ADOPTED.

MARCH 15, 1989

SECOND READING, CONCURRED IN.

MARCH 16, 1989

THIRD READING, CONCURRED IN.
AYES, 71; NOES, 25.

RETURNED TO SENATE.

IN THE SENATE

MARCH 17, 1989

RECEIVED FROM HOUSE.

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

1 *House* BILL NO. *78*
 2 INTRODUCED BY *Ryan Hunt*
 3 BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

4
 5 A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING STATE
 6 SPECIAL REVENUE FUND ACCOUNTS THAT PERIODICALLY TRANSFER
 7 THEIR UNOBLIGATED BALANCES TO THE GENERAL FUND; REQUIRING
 8 MONEY IN THOSE ACCOUNTS TO BE DEPOSITED IN THE GENERAL FUND;
 9 AMENDING SECTIONS 16-11-124, 17-2-121, 19-11-513, 19-11-514,
 10 30-9-403, 30-10-115, 30-10-209, 33-2-708, 33-30-204, AND
 11 33-31-212, MCA; REPEALING SECTIONS 17-2-122, 17-2-123,
 12 19-12-302, AND 30-10-116 THROUGH 30-10-118, MCA; AND
 13 PROVIDING AN EFFECTIVE DATE."

14
 15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16 **Section 1.** Section 16-11-124, MCA, is amended to read:

17 "16-11-124. Disposition of license fees. (1) All
 18 license fees collected under the provisions of this part
 19 shall be deposited with the state treasurer in the
 20 department's--cigarette--enforcement--account--in--the--state
 21 special-revenue general fund.

22 (2) For-the-biennium-beginning-July-17-19717-and--each
 23 Each biennium thereafter, there shall be appropriated to the
 24 department a--sum-deemed an amount justified and reasonable
 25 to operate the department's cigarette enforcement division,

1 providing--that--after--payment--of--all--pending--and-known
 2 expenses, all sums so appropriated in excess of--\$7,500--not
 3 needed---for--the--administration--of--this--part--shall--be
 4 transferred-to-the-state-general-fund-to--be--available--for
 5 general-fund-purposes. Such transfer shall be made within 15
 6 days of the last day of the biennium.

7 (3) All expenses charged against said--cigarette
 8 enforcement-account the appropriation shall be justified by
 9 itemized claims coupled with standard accounting reports."

10 **Section 2.** Section 17-2-121, MCA, is amended to read:

11 "17-2-121. Insurance-regulatory-trust-account Deposits
 12 by insurance commissioner. ~~{1}~~--There-is-created-in-the-state
 13 treasury--an--account--within-the-state-special-revenue-fund
 14 designated--"insurance-regulatory--trust--account"--to--which
 15 must--be--credited--all All fees, and miscellaneous and
 16 examination charges, but-not fines, or penalties, or and
 17 those amounts received pursuant to 33-2-311, 33-2-705, or
 18 33-2-706, collected by the insurance commissioner pursuant
 19 to Title 33 and the rules adopted thereunder must be
 20 deposited in the general fund.

21 ~~{2}~~--The--money--so--received--and--deposited--in--the
 22 insurance--regulatory--trust--account--may--be--paid--out--of--the
 23 treasury--only--on--appropriation--made--by--the--legislature--as
 24 provided--in--17-8-101--and--must--be--used--only--to--defray--the
 25 expenses-of-the-insurance-commissioner-and-his-staff-in--the

1 discharge--of--their--administrative--and--regulatory--powers--and
 2 duties--as--prescribed--by--law--subject--to--the--applicable--laws
 3 relating--to--the--appropriations--of--state--funds--and--to--the
 4 deposit--and--expenditure--of--state--money--The--commissioner--is
 5 responsible--for--the--proper--expenditure--of--this--money--as
 6 provided--by--law.

7 {3}--Any--cash--balance--remaining--in--the--insurance
 8 regulatory--trust--account--after--all--current--fiscal--year
 9 expenditures--are--met--must--be--transferred--to--the--general
 10 fund."

11 **Section 3.** Section 19-11-513, MCA, is amended to read:

12 "19-11-513. Transfer of premium taxes to state
 13 treasury. The state auditor shall estimate the portion of
 14 premium taxes needed to make the payments required by this
 15 chapter and shall pay an amount equal to the estimate into
 16 the state treasury, to the credit of the state special
 17 revenue fund. The payment is payments are statutorily
 18 appropriated as provided in 17-7-502. Any balances
 19 remaining after such payments have been ordered shall be
 20 transferred to the general fund."

21 **Section 4.** Section 19-11-514, MCA, is amended to read:

22 "19-11-514. State treasurer to pay warrants. The state
 23 treasurer is hereby authorized and directed, upon the
 24 presentation to him of a warrant drawn pursuant to this
 25 chapter, to pay to the treasurer of the city or town, out of

1 moneys money in the state--special--revenue general fund
 2 dedicated for such purpose, the amount of such the warrant,
 3 specified, which The amount shall be paid by said the city
 4 treasurer to said the fire department relief association."

5 **Section 5.** Section 30-9-403, MCA, is amended to read:

6 "30-9-403. What constitutes filing -- duration of
 7 filing -- fees -- effect of lapsed filing -- duties of
 8 filing officer -- computerized farm statement system. (1)
 9 Presentation for filing of a financing statement and tender
 10 of the filing fee or acceptance of the statement by the
 11 filing officer constitutes filing under this chapter.

12 (2) Except as provided in subsections (6) and (11), a
 13 filed financing statement is effective for a period of 5
 14 years from the date of filing. The effectiveness of a filed
 15 financing statement lapses on the expiration of the 5-year
 16 period unless a continuation statement is filed prior to the
 17 lapse. If a security interest perfected by filing exists at
 18 the time insolvency proceedings are commenced by or against
 19 the debtor, the security interest remains perfected until
 20 termination of the insolvency proceedings and thereafter for
 21 a period of 60 days or until expiration of the 5-year
 22 period, whichever occurs later. Upon lapse the security
 23 interest becomes unperfected, unless it is perfected without
 24 filing. If the security interest becomes unperfected upon
 25 lapse, it is considered to have been unperfected as against

1 a person who became a purchaser or lien creditor before
 2 lapse.

3 (3) A continuation statement may be filed by the
 4 secured party within 6 months prior to the expiration of the
 5 5-year period specified in subsection (2). Any such
 6 continuation statement must be signed by the secured party,
 7 identify the original statement by file number, and state
 8 that the original statement is still effective. A
 9 continuation statement signed by a person other than the
 10 secured party of record must be accompanied by a separate
 11 written statement of assignment signed by the secured party
 12 of record and complying with 30-9-405(2), including payment
 13 of the required fee. Upon timely filing of the continuation
 14 statement, the effectiveness of the original statement is
 15 continued for 5 years after the last date to which the
 16 filing was effective, whereupon it lapses in the same manner
 17 as provided in subsection (2) unless another continuation
 18 statement is filed prior to such lapse. Succeeding
 19 continuation statements may be filed in the same manner to
 20 continue the effectiveness of the original statement. Unless
 21 a statute on disposition of public records provides
 22 otherwise, the filing officer may remove a lapsed statement
 23 from the files and destroy it immediately if he has retained
 24 a microfilm or other photographic record, or in other cases
 25 after 1 year after the lapse. The filing officer shall so

1 arrange matters by physical annexation of financing
 2 statements to continuation statements or other related
 3 filings, or by other means, that if he physically destroys
 4 the financing statements of a period more than 5 years past,
 5 those which have been continued by a continuation statement
 6 or which are still effective under subsection (6) shall be
 7 retained.

8 (4) Except as provided in subsection (7), a filing
 9 officer shall mark each statement with a file number and
 10 with the date and hour of filing and shall hold the
 11 statement or a microfilm or other photographic copy thereof
 12 for public inspection. In addition, the filing officer shall
 13 index the statements according to the name of the debtor and
 14 shall note in the index the file number and the address of
 15 the debtor given in the statement.

16 (5) The uniform fees for filing, indexing, and
 17 stamping a copy furnished by the filing party to show the
 18 date and place of filing shall be set pursuant to subsection
 19 (13).

20 (6) If the debtor is a transmitting utility and a
 21 filed financing statement so states, it is effective until a
 22 termination statement is filed. A real estate mortgage that
 23 is effective as a fixture filing under 30-9-402(6) remains
 24 effective as a fixture filing until the mortgage is released
 25 or satisfied of record or its effectiveness otherwise

1 terminates as to the real estate.

2 (7) When a financing statement covers timber to be cut
3 or covers minerals or the like (including oil and gas) or
4 accounts subject to 30-9-103(5) or is filed as a fixture
5 filing, the filing officer shall index it under the names of
6 the debtor and any owner of record shown on the financing
7 statement in the same fashion as if they were the mortgagors
8 in a mortgage of the real estate described and, to the
9 extent that the law of this state provides for indexing of
10 mortgages under the name of the mortgagee, under the name of
11 the secured party as if he were the mortgagee thereunder, or
12 if indexing is by description, in the same fashion as if the
13 financing statement were a mortgage of the real estate
14 described.

15 (8) When a financing or continuation statement filed
16 by a financial institution covers farm products or accounts,
17 livestock, general intangibles arising from or relating to
18 the sale of farm products by a farmer, crops growing or to
19 be grown, or equipment used in farming operations, the fee
20 for filing must be established by the secretary of state in
21 an amount commensurate with the costs of establishing and
22 operating the computerized access system described in
23 subsection (9).

24 (9) Within one 1 working day of receipt of a financing
25 or continuation statement, the secretary of state shall

1 record the information contained in the statement on a
2 centralized computer system that he shall establish. The
3 computer system must allow access to financing statement
4 information by any type of communications which conform to
5 standards used by the state central computer. The system
6 must have safeguards to allow only access to UCC data and to
7 prevent alteration, addition, or deletion of the UCC data.
8 The computer must be accessible whenever the state computer
9 system is available. A perfected security interest is not
10 created until the financing statement information is
11 recorded on the system. A printout of information from the
12 system is prima facie evidence of the existence or
13 nonexistence of the filing of a financing statement. The
14 secretary of state shall maintain adequate errors and
15 omissions liability coverage to protect against input errors
16 causing loss to a secured party.

17 (10) The secretary of state shall, upon request of a
18 clerk and recorder, mail a certified copy of a financing
19 statement, continuation statement, assignment, amendment, or
20 termination covering collateral described in subsection (8)
21 to the clerk and recorder in the county of the principal
22 debtor's residence. The secretary of state shall mail the
23 requested copies at least once each week. This subsection
24 does not require the secretary of state to mail a copy of
25 any document which does not specifically indicate the county

of the principal debtor's residence on its face.

(11) When a financing or continuation statement covers property described in subsection (8), its effectiveness lapses on July 1, 1986, unless prior to that date there is filed in the office of the secretary of state a certified copy of the statement on file with the county clerk and all related documents.

(12) Financing statement information in the computer system constitutes public writings within the meaning of 2-6-101, but the information may not be used to compile mailing lists.

(13) The secretary of state, with advice from the county clerk and recorders, shall by administrative rule establish fees as required by this part. The fees must be commensurate with the costs of processing the documents. The secretary of state shall maintain records sufficient to support the amounts of the fees established under this subsection. The secretary of state shall deposit in a state special-revenue fund the general fund in the state treasury all fees he collects, ~~and the fee money may be paid out of the treasury only on appropriation made by the legislature as provided in 17-8-101.~~ Any fee money collected under this part and remaining in the state treasury after all current fiscal-year expenditures are met must be transferred to the general fund. The secretary of state shall disseminate the

uniform fee schedule to the county clerk and recorders for their use."

Section 6. Section 30-10-115, MCA, is amended to read:

"30-10-115. Securities---regulatory---trust---account Deposits to the general fund. ~~(1) There is created in the state special-revenue fund an account designated as the "securities-regulatory-trust-account" into which all All~~ fees, examination charges, and miscellaneous charges received by the commissioner pursuant to parts 1 through 3 of this chapter must be deposited in the general fund.

~~(2) The money received and deposited in the securities regulatory-trust account may be paid out of the treasury only on appropriation made by the legislature, as provided in 17-8-101, and may be used only to defray the expenses of the commissioner and his staff in the discharge of their administrative and regulatory powers and duties as prescribed by law, subject to the applicable laws relating to the appropriation of state funds and to the deposit and expenditure of state money. The commissioner is responsible for the proper expenditure of this money as provided by law.~~

~~(3) Any cash balance remaining in the securities regulatory-trust account after all current fiscal-year expenditures are met must be transferred to the general fund."~~

Section 7. Section 30-10-209, MCA, is amended to read:

1 **"30-10-209. Fees.** The following fees shall be paid in
2 advance under the provisions of parts 1 through 3 of this
3 chapter:

4 (1) (a) For the registration of securities by
5 notification, coordination, or qualification, there shall be
6 paid to the commissioner for the first year of registration
7 a registration fee of \$200 for the first \$100,000 of initial
8 issue or portion thereof in this state, based on offering
9 price, plus 1/10 of 1% for any excess over \$100,000, with a
10 maximum of \$1,000.

11 (b) Each year thereafter, a registration of securities
12 may be renewed, prior to its termination date, for an
13 additional year upon consent of the commissioner and payment
14 of an additional registration fee to be computed at 1/10 of
15 1% of the aggregate offering price of such securities which
16 are to be offered in this state during that year, even
17 though the maximum fee was paid the preceding year. In no
18 event shall the additional registration fee be less than
19 \$200 or more than \$1,000. The registration statement for
20 such securities may be amended to increase the amount of
21 securities to be offered.

22 (c) If a registrant sells securities in excess of the
23 aggregate amount registered for sale in this state, the
24 registrant may file an amendment to the registration
25 statement to include the excess sales. If the registrant

1 fails to file an amendment before the expiration date of the
2 registration order, he shall pay a filing fee for the excess
3 sales of three times the amount calculated in the manner
4 specified in subsection (1)(b). Registration of the excess
5 securities is effective retroactively to the date of the
6 existing registration.

7 (2) (a) For registration of a broker-dealer or
8 investment adviser, the fee shall be \$200 for original
9 registration and \$200 for each annual renewal.

10 (b) For registration of a salesman or investment
11 adviser representative, the fee shall be \$50 for original
12 registration with each employer, \$50 for each annual
13 renewal, and \$50 for each transfer.

14 (3) For certified copies of any documents filed with
15 the commissioner, the fee shall be the cost to the
16 department.

17 (4) For a request for an exemption under
18 30-10-105(15), the fee shall be established by the
19 commissioner by rule. For a request for any other exemption
20 or an exception to the provisions of parts 1 through 3 of
21 this chapter, the fee shall be \$50.

22 (5) All fees are considered fully earned when
23 received. In the event of overpayment, only those amounts in
24 excess of \$10 may be refunded.

25 (6) All fees, examination charges, and miscellaneous

charges, except fines, or and penalties, collected by the commissioner pursuant to parts 1 through 3 of this chapter and the rules adopted hereunder must be deposited into the securities-regulatory-trust-account, pursuant to 30-10-115 through 30-10-118:

~~{7}--All---fines---and---penalties---collected---by---the commissioner-pursuant-to-parts-1-through-3-of--this--chapter and--the--rules--adopted-hereunder-must-be-deposited-into in~~ the general fund."

Section 8. Section 33-2-708, MCA, is amended to read:

"33-2-708. Fees and licenses. (1) The commissioner shall collect in advance and the persons so served shall so pay to the commissioner the following fees and licenses:

(a) certificates of authority:

(i) for filing applications for original certificates of authority, articles of incorporation (except original articles of incorporation of domestic insurers as provided in subsection (b) below) and other charter documents, bylaws, financial statement, examination report, power of attorney to the commissioner, and all other documents and filings required in connection with such application and for issuance of an original certificate of authority, if issued:

(A) domestic insurers \$ 300.00

(B) foreign insurers 300.00

(ii) annual continuation of certificate of authority ..

..... 300.00

(iii) reinstatement of certificate of authority 25.00

(iv) amendment of certificate of authority 50.00

(b) articles of incorporation:

(i) filing original articles of incorporation of domestic insurer, exclusive of fees required to be paid by the corporation to the secretary of state 20.00

(ii) filing amendment of articles of incorporation, domestic and foreign insurers, exclusive of fees required to be paid to the secretary of state by a domestic corporation 25.00

(c) filing bylaws or amendment thereto where required 10.00

(d) filing annual statement of insurer, other than as part of application for original certificate of authority .. 25.00

(e) resident agent's license:

(i) application for original license, including issuance of license, if issued (life and/or disability) 15.00

(ii) application for original license, including issuance of license, if issued (other than life and/or disability) 15.00

(iii) appointment of agent, each insurer 10.00

1 (iv) annual renewal, each insurer 10.00
 2 (v) temporary license 10.00
 3 (vi) amendment of license (excluding additions thereto)
 4 or reissuance of master license 10.00
 5 (f) nonresident agent's license:
 6 (i) application for original license, including
 7 issuance of license, if issued (life and/or disability)
 8 100.00
 9 (ii) application for original license, including
 10 issuance of license, if issued (other than life and/or
 11 disability) 100.00
 12 (iii) appointment of agent, each insurer 10.00
 13 (iv) annual renewal, each insurer 10.00
 14 (v) amendment of license (excluding additions thereto)
 15 or reissuance of master license 10.00
 16 (g) solicitor's license:
 17 (i) application for original license, including
 18 issuance of license, if issued 15.00
 19 (ii) annual renewal of license 15.00
 20 (iii) appointment of solicitor 10.00
 21 (h) examination for license as agent or solicitor,
 22 each examination 15.00
 23 (i) surplus lines agent license:
 24 (i) application for original license and for issuance
 25 of license, if issued 50.00

1 (ii) annual renewal of license 50.00
 2 (j) adjuster's license:
 3 (i) application for original license and for issuance
 4 of license, if issued 15.00
 5 (ii) annual renewal of license 15.00
 6 (k) insurance vending machine license, each machine,
 7 each year 10.00
 8 (l) commissioner's certificate under seal (except when
 9 on certificates of authority or licenses) 10.00
 10 (m) copies of documents on file in the commissioner's
 11 office, per page50
 12 (n) policy forms:
 13 (i) filing each policy form 25.00
 14 (ii) filing each application, rider, endorsement,
 15 amendment, insert page, schedule of rates, and clarification
 16 of risks 10.00
 17 (iii) maximum charge if policy and all forms submitted
 18 at one time or resubmitted for approval within 180 days
 19 100.00
 20 (2) The commissioner shall promptly deposit with the
 21 state treasurer to the credit of the general fund of this
 22 state all fines and penalties, those amounts received
 23 pursuant to 33-2-311, 33-2-705, and 33-2-706, and any fees
 24 and examination and miscellaneous charges received pursuant
 25 to Title 33, chapter 17, part 1, that are collected by him

pursuant to Title 33 and the rules adopted thereunder.

(3) All fees are considered fully earned when received. In the event of overpayment, only those amounts in excess of \$10 will be refunded.

~~(4) All fees and examination and miscellaneous charges, except fines or penalties or those amounts received pursuant to 33-2-311, 33-2-705, or 33-2-706, collected by the commissioner pursuant to Title 33 and the rules adopted thereunder must be deposited in the insurance regulatory trust account pursuant to 17-2-121 through 17-2-123.~~

Section 9. Section 33-30-204, MCA, is amended to read:

"33-30-204. Fees. (1) Every health service corporation subject to the provisions of this chapter shall pay the following fees to the commissioner for enforcement of the provisions of this chapter:

(a) enrollment representative's license:

(i) application for original license and issuance of license \$15

(ii) annual renewal \$15

(iii) examination for license, for each examination ...
..... \$15

(b) filing any other statement or report \$1

(c) for a certified copy of any document or other paper filed in the office of the commissioner, per page
..... \$.50

(d) for the certificate and for affixing the seal thereto \$10

(e) filing of a membership contract \$25

(f) filing of a membership contract package \$100

(g) filing annual report, other than as part of application for original license \$25

(h) issuance of health service corporation license ...
..... \$300

(i) annual continuation of health service corporation license \$300

(2) The commissioner shall promptly deposit with the state treasurer, to the credit of the ~~insurance regulatory trust account provided for in 17-2-121~~ general fund, all fees and license fees received by him under this section."

Section 10. Section 33-31-212, MCA, is amended to read:

"33-31-212. Fees. (1) Each health maintenance organization shall pay to the commissioner the following fees:

(a) for filing an application for a certificate of authority or amendment thereto, \$300;

(b) for filing an amendment to the organization documents that requires approval, \$25;

(c) for filing each annual statement, \$25;

(d) for annual continuation of certificate of

1 authority, \$300.

2 (2) All fees, and miscellaneous charges, except fines,
3 or penalties, or and those amounts received pursuant to
4 33-31-211(3) and 33-31-405, collected by the commissioner
5 pursuant to this chapter and the rules adopted thereunder
6 must be deposited in the ~~insurance-regulatory-trust--account~~
7 ~~pursuant-to-17-2-121-through-17-2-123~~ general fund.

8 (3) The director may assess fees necessary and
9 adequate to cover the expenses of the director's functions
10 under this chapter. Such fees are statutorily appropriated
11 to the department of health as provided in 17-7-502."

12 NEW SECTION. **Section 11.** Repealer. Sections 17-2-122,
13 17-2-123, 19-12-302, and 30-10-116 through 30-10-118, MCA,
14 are repealed.

15 NEW SECTION. **Section 12.** Effective date. [This act]
16 is effective July 1, 1989.

-End-

APPROVED BY COMM. ON
FINANCE AND CLAIMS

SENATE BILL NO. 78

INTRODUCED BY REGAN, HIMSL, BARDANOUVE

BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING CERTAIN
STATE SPECIAL REVENUE FUND ACCOUNTS THAT PERIODICALLY
TRANSFER THEIR UNOBLIGATED BALANCES TO THE GENERAL FUND;
REQUIRING MONEY IN THOSE ACCOUNTS TO BE DEPOSITED IN THE
GENERAL FUND; AMENDING SECTIONS 16-11-124, 17-2-121,
19-11-513, 19-11-514, 30-9-403, 30-10-115, 30-10-209,
33-2-708, 33-30-204, AND 33-31-212, MCA; REPEALING SECTIONS
17-2-122, 17-2-123, 19-12-382, AND 30-10-116 THROUGH
30-10-118, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 16-11-124, MCA, is amended to read:

"16-11-124. Disposition of license fees. (1) All
license fees collected under the provisions of this part
shall be deposited with the state treasurer in the
department's ~~cigarette-enforcement-account-in-the-state~~
special-revenue general fund.

(2) ~~For the biennium beginning July 1, 1971, and each~~
Each biennium thereafter, there shall be appropriated to the
department a sum deemed an amount justified and reasonable
to operate the department's cigarette enforcement division;

~~providing that after payment of all pending and known~~
~~expenses, all sums so appropriated in excess of \$7,500 not~~
~~needed for the administration of this part shall be~~
~~transferred to the state general fund to be available for~~
~~general fund purposes. Such transfer shall be made within 15~~
~~days of the last day of the biennium.~~

(3) All expenses charged against said ~~cigarette~~
~~enforcement account~~ the appropriation shall be justified by
itemized claims coupled with standard accounting reports."

Section 2. Section 17-2-121, MCA, is amended to read:

"17-2-121. ~~Insurance-regulatory-trust-account~~ Deposits
by insurance commissioner. ~~{1} There is created in the state~~
~~treasury an account within the state special-revenue fund~~
~~designated "insurance-regulatory-trust-account" to which~~
~~must be credited all~~ All fees, and miscellaneous and
examination charges, but not fines, or penalties, or and
those amounts received pursuant to 33-2-311, 33-2-705, or
33-2-706, collected by the insurance commissioner pursuant
to Title 33 and the rules adopted thereunder must be
deposited in the general fund.

~~{2} The money so received and deposited in the~~
~~insurance-regulatory-trust-account may be paid out of the~~
~~treasury only on appropriation made by the legislature as~~
~~provided in 17-8-101 and must be used only to defray the~~
~~expenses of the insurance commissioner and his staff in the~~

discharge--of--their--administrative--and--regulatory--powers--and
duties--as--prescribed--by--law--subject--to--the--applicable--laws
relating--to--the--appropriations--of--state--funds--and--to--the
deposit--and--expenditure--of--state--money--The--commissioner--is
responsible--for--the--proper--expenditure--of--this--money--as
provided--by--law.

{3}--Any--cash--balance--remaining--in--the--insurance
regulatory--trust--account--after--all--current--fiscal--year
expenditures--are--met--must--be--transferred--to--the--general
fund."

Section 3.--Section 19-11-513, MCA, is amended to read:

"19-11-513. Transfer--of--premium--taxes--to--state
treasury.--The--state--auditor--shall--estimate--the--portion--of
premium--taxes--needed--to--make--the--payments--required--by--this
chapter--and--shall--pay--an--amount--equal--to--the--estimate--into
the--state--treasury--to--the--credit--of--the--state--special
revenue--fund.--The--payment--is--payments--are--statutorily
appropriated--as--provided--in--17-7-502.--Any--balances
remaining--after--such--payments--have--been--ordered--shall--be
transferred--to--the--general--fund."

Section 4.--Section 19-11-514, MCA, is amended to read:

"19-11-514. State--treasurer--to--pay--warrants.--The
state--treasurer--is--hereby--authorized--and--directed--upon--the
presentation--to--him--of--a--warrant--drawn--pursuant--to--this
chapter--to--pay--to--the--treasurer--of--the--city--or--town--out--of

moneys--money--in--the--state--special--revenue--general--fund
dedicated--for--such--purpose--the--amount--of--such--the--warrant--
specified--which--The--amount--shall--be--paid--by--said--the--city
treasurer--to--said--the--fire--department--relief--association."

Section 3. Section 30-9-403, MCA, is amended to read:

"30-9-403. What constitutes filing -- duration of
filing -- fees -- effect of lapsed filing -- duties of
filing officer -- computerized farm statement system. (1)
Presentation for filing of a financing statement and tender
of the filing fee or acceptance of the statement by the
filing officer constitutes filing under this chapter.

(2) Except as provided in subsections (6) and (11), a
filed financing statement is effective for a period of 5
years from the date of filing. The effectiveness of a filed
financing statement lapses on the expiration of the 5-year
period unless a continuation statement is filed prior to the
lapse. If a security interest perfected by filing exists at
the time insolvency proceedings are commenced by or against
the debtor, the security interest remains perfected until
termination of the insolvency proceedings and thereafter for
a period of 60 days or until expiration of the 5-year
period, whichever occurs later. Upon lapse the security
interest becomes unperfected, unless it is perfected without
filing. If the security interest becomes unperfected upon
lapse, it is considered to have been unperfected as against

1 a person who became a purchaser or lien creditor before
2 lapse.

3 (3) A continuation statement may be filed by the
4 secured party within 6 months prior to the expiration of the
5 5-year period specified in subsection (2). Any such
6 continuation statement must be signed by the secured party,
7 identify the original statement by file number, and state
8 that the original statement is still effective. A
9 continuation statement signed by a person other than the
10 secured party of record must be accompanied by a separate
11 written statement of assignment signed by the secured party
12 of record and complying with 30-9-405(2), including payment
13 of the required fee. Upon timely filing of the continuation
14 statement, the effectiveness of the original statement is
15 continued for 5 years after the last date to which the
16 filing was effective, whereupon it lapses in the same manner
17 as provided in subsection (2) unless another continuation
18 statement is filed prior to such lapse. Succeeding
19 continuation statements may be filed in the same manner to
20 continue the effectiveness of the original statement. Unless
21 a statute on disposition of public records provides
22 otherwise, the filing officer may remove a lapsed statement
23 from the files and destroy it immediately if he has retained
24 a microfilm or other photographic record, or in other cases
25 after 1 year after the lapse. The filing officer shall so

1 arrange matters by physical annexation of financing
2 statements to continuation statements or other related
3 filings, or by other means, that if he physically destroys
4 the financing statements of a period more than 5 years past,
5 those which have been continued by a continuation statement
6 or which are still effective under subsection (6) shall be
7 retained.

8 (4) Except as provided in subsection (7), a filing
9 officer shall mark each statement with a file number and
10 with the date and hour of filing and shall hold the
11 statement or a microfilm or other photographic copy thereof
12 for public inspection. In addition, the filing officer shall
13 index the statements according to the name of the debtor and
14 shall note in the index the file number and the address of
15 the debtor given in the statement.

16 (5) The uniform fees for filing, indexing, and
17 stamping a copy furnished by the filing party to show the
18 date and place of filing shall be set pursuant to subsection
19 (13).

20 (6) If the debtor is a transmitting utility and a
21 filed financing statement so states, it is effective until a
22 termination statement is filed. A real estate mortgage that
23 is effective as a fixture filing under 30-9-402(6) remains
24 effective as a fixture filing until the mortgage is released
25 or satisfied of record or its effectiveness otherwise

1 terminates as to the real estate.

2 (7) When a financing statement covers timber to be cut
3 or covers minerals or the like (including oil and gas) or
4 accounts subject to 30-9-103(5) or is filed as a fixture
5 filing, the filing officer shall index it under the names of
6 the debtor and any owner of record shown on the financing
7 statement in the same fashion as if they were the mortgagors
8 in a mortgage of the real estate described and, to the
9 extent that the law of this state provides for indexing of
10 mortgages under the name of the mortgagee, under the name of
11 the secured party as if he were the mortgagee thereunder, or
12 if indexing is by description, in the same fashion as if the
13 financing statement were a mortgage of the real estate
14 described.

15 (8) When a financing or continuation statement filed
16 by a financial institution covers farm products or accounts,
17 livestock, general intangibles arising from or relating to
18 the sale of farm products by a farmer, crops growing or to
19 be grown, or equipment used in farming operations, the fee
20 for filing must be established by the secretary of state in
21 an amount commensurate with the costs of establishing and
22 operating the computerized access system described in
23 subsection (9).

24 (9) Within one 1 working day of receipt of a financing
25 or continuation statement, the secretary of state shall

1 record the information contained in the statement on a
2 centralized computer system that he shall establish. The
3 computer system must allow access to financing statement
4 information by any type of communications which conform to
5 standards used by the state central computer. The system
6 must have safeguards to allow only access to UCC data and to
7 prevent alteration, addition, or deletion of the UCC data.
8 The computer must be accessible whenever the state computer
9 system is available. A perfected security interest is not
10 created until the financing statement information is
11 recorded on the system. A printout of information from the
12 system is prima facie evidence of the existence or
13 nonexistence of the filing of a financing statement. The
14 secretary of state shall maintain adequate errors and
15 omissions liability coverage to protect against input errors
16 causing loss to a secured party.

17 (10) The secretary of state shall, upon request of a
18 clerk and recorder, mail a certified copy of a financing
19 statement, continuation statement, assignment, amendment, or
20 termination covering collateral described in subsection (8)
21 to the clerk and recorder in the county of the principal
22 debtor's residence. The secretary of state shall mail the
23 requested copies at least once each week. This subsection
24 does not require the secretary of state to mail a copy of
25 any document which does not specifically indicate the county

1 of the principal debtor's residence on its face.

2 (11) When a financing or continuation statement covers
3 property described in subsection (8), its effectiveness
4 lapses on July 1, 1986, unless prior to that date there is
5 filed in the office of the secretary of state a certified
6 copy of the statement on file with the county clerk and all
7 related documents.

8 (12) Financing statement information in the computer
9 system constitutes public writings within the meaning of
10 2-6-101, but the information may not be used to compile
11 mailing lists.

12 (13) The secretary of state, with advice from the
13 county clerk and recorders, shall by administrative rule
14 establish fees as required by this part. The fees must be
15 commensurate with the costs of processing the documents. The
16 secretary of state shall maintain records sufficient to
17 support the amounts of the fees established under this
18 subsection. The secretary of state shall deposit in a--state
19 ~~special--revenue~~ the general fund in the state treasury all
20 fees he collects, ~~and the fee money may be paid out of the~~
21 ~~treasury only on appropriation made by the legislature as~~
22 ~~provided in 17-8-101. Any fee money collected under this~~
23 ~~part and remaining in the state treasury after all current~~
24 ~~fiscal year expenditures are met must be transferred to the~~
25 ~~general fund.~~ The secretary of state shall disseminate the

1 uniform fee schedule to the county clerk and recorders for
2 their use."

3 **Section 4.** Section 30-10-115, MCA, is amended to read:

4 "30-10-115. Securities----regulatory---trust---account
5 Deposits to the general fund. ~~{1} There is created in the~~
6 ~~state special revenue fund an account designated as the~~
7 ~~"securities regulatory trust account" into which all~~ All
8 fees, examination charges, and miscellaneous charges
9 received by the commissioner pursuant to parts 1 through 3
10 of this chapter must be deposited in the general fund.

11 ~~{2} The money received and deposited in the securities~~
12 ~~regulatory trust account may be paid out of the treasury~~
13 ~~only on appropriation made by the legislature as provided~~
14 ~~in 17-8-101, and may be used only to defray the expenses of~~
15 ~~the commissioner and his staff in the discharge of their~~
16 ~~administrative and regulatory powers and duties as~~
17 ~~prescribed by law, subject to the applicable laws relating~~
18 ~~to the appropriation of state funds and to the deposit and~~
19 ~~expenditure of state money. The commissioner is responsible~~
20 ~~for the proper expenditure of this money as provided by law.~~

21 ~~{3} Any cash balance remaining in the securities~~
22 ~~regulatory trust account after all current fiscal year~~
23 ~~expenditures are met must be transferred to the general~~
24 ~~fund."~~

25 **Section 5.** Section 30-10-209, MCA, is amended to read:

1 "30-10-209. Fees. The following fees shall be paid in
2 advance under the provisions of parts 1 through 3 of this
3 chapter:

4 (1) (a) For the registration of securities by
5 notification, coordination, or qualification, there shall be
6 paid to the commissioner for the first year of registration
7 a registration fee of \$200 for the first \$100,000 of initial
8 issue or portion thereof in this state, based on offering
9 price, plus 1/10 of 1% for any excess over \$100,000, with a
10 maximum of \$1,000.

11 (b) Each year thereafter, a registration of securities
12 may be renewed, prior to its termination date, for an
13 additional year upon consent of the commissioner and payment
14 of an additional registration fee to be computed at 1/10 of
15 1% of the aggregate offering price of such securities which
16 are to be offered in this state during that year, even
17 though the maximum fee was paid the preceding year. In no
18 event shall the additional registration fee be less than
19 \$200 or more than \$1,000. The registration statement for
20 such securities may be amended to increase the amount of
21 securities to be offered.

22 (c) If a registrant sells securities in excess of the
23 aggregate amount registered for sale in this state, the
24 registrant may file an amendment to the registration
25 statement to include the excess sales. If the registrant

1 fails to file an amendment before the expiration date of the
2 registration order, he shall pay a filing fee for the excess
3 sales of three times the amount calculated in the manner
4 specified in subsection (1)(b). Registration of the excess
5 securities is effective retroactively to the date of the
6 existing registration.

7 (2) (a) For registration of a broker-dealer or
8 investment adviser, the fee shall be \$200 for original
9 registration and \$200 for each annual renewal.

10 (b) For registration of a salesman or investment
11 adviser representative, the fee shall be \$50 for original
12 registration with each employer, \$50 for each annual
13 renewal, and \$50 for each transfer.

14 (3) For certified copies of any documents filed with
15 the commissioner, the fee shall be the cost to the
16 department.

17 (4) For a request for an exemption under
18 30-10-105(15), the fee shall be established by the
19 commissioner by rule. For a request for any other exemption
20 or an exception to the provisions of parts 1 through 3 of
21 this chapter, the fee shall be \$50.

22 (5) All fees are considered fully earned when
23 received. In the event of overpayment, only those amounts in
24 excess of \$10 may be refunded.

25 (6) All fees, examination charges, and miscellaneous

1 charges, except fines, or and penalties, collected by the
 2 commissioner pursuant to parts 1 through 3 of this chapter
 3 and the rules adopted hereunder must be deposited ~~into--the~~
 4 ~~securities--regulatory--trust-account, pursuant to 30-10-115~~
 5 ~~through 30-10-118.~~

6 ~~{7}--All--fines--and--penalties--collected--by--the~~
 7 ~~commissioner--pursuant--to--parts--1--through--3--of--this--chapter~~
 8 ~~and--the--rules--adopted--hereunder--must--be--deposited--into in~~
 9 ~~the general fund."~~

10 **Section 6.** Section 33-2-708, MCA, is amended to read:

11 "33-2-708. Fees and licenses. (1) The commissioner
 12 shall collect in advance and the persons so served shall so
 13 pay to the commissioner the following fees and licenses:

14 (a) certificates of authority:

15 (i) for filing applications for original certificates
 16 of authority, articles of incorporation (except original
 17 articles of incorporation of domestic insurers as provided
 18 in subsection (b) below) and other charter documents,
 19 bylaws, financial statement, examination report, power of
 20 attorney to the commissioner, and all other documents and
 21 filings required in connection with such application and for
 22 issuance of an original certificate of authority, if issued:

23 (A) domestic insurers \$ 300.00

24 (B) foreign insurers 300.00

25 (ii) annual continuation of certificate of authority ..

1 300.00

2 (iii) reinstatement of certificate of authority 25.00

3 25.00

4 (iv) amendment of certificate of authority 50.00

5 (b) articles of incorporation:

6 (i) filing original articles of incorporation of
 7 domestic insurer, exclusive of fees required to be paid by
 8 the corporation to the secretary of state 20.00

9 (ii) filing amendment of articles of incorporation,
 10 domestic and foreign insurers, exclusive of fees required to
 11 be paid to the secretary of state by a domestic corporation
 12 25.00

13 (c) filing bylaws or amendment thereto where required
 14 10.00

15 (d) filing annual statement of insurer, other than as
 16 part of application for original certificate of authority ..
 17 25.00

18 (e) resident agent's license:

19 (i) application for original license, including
 20 issuance of license, if issued (life and/or disability)
 21 15.00

22 (ii) application for original license, including
 23 issuance of license, if issued (other than life and/or
 24 disability) 15.00

25 (iii) appointment of agent, each insurer 10.00

1 (iv) annual renewal, each insurer 10.00
 2 (v) temporary license 10.00
 3 (vi) amendment of license (excluding additions thereto)
 4 or reissuance of master license 10.00
 5 (f) nonresident agent's license:
 6 (i) application for original license, including
 7 issuance of license, if issued (life and/or disability)
 8 100.00
 9 (ii) application for original license, including
 10 issuance of license, if issued (other than life and/or
 11 disability) 100.00
 12 (iii) appointment of agent, each insurer 10.00
 13 (iv) annual renewal, each insurer 10.00
 14 (v) amendment of license (excluding additions thereto)
 15 or reissuance of master license 10.00
 16 (g) solicitor's license:
 17 (i) application for original license, including
 18 issuance of license, if issued 15.00
 19 (ii) annual renewal of license 15.00
 20 (iii) appointment of solicitor 10.00
 21 (h) examination for license as agent or solicitor,
 22 each examination 15.00
 23 (i) surplus lines agent license:
 24 (i) application for original license and for issuance
 25 of license, if issued 50.00

1 (ii) annual renewal of license 50.00
 2 (j) adjuster's license:
 3 (i) application for original license and for issuance
 4 of license, if issued 15.00
 5 (ii) annual renewal of license 15.00
 6 (k) insurance vending machine license, each machine,
 7 each year 10.00
 8 (l) commissioner's certificate under seal (except when
 9 on certificates of authority or licenses) 10.00
 10 (m) copies of documents on file in the commissioner's
 11 office, per page50
 12 (n) policy forms:
 13 (i) filing each policy form 25.00
 14 (ii) filing each application, rider, endorsement,
 15 amendment, insert page, schedule of rates, and clarification
 16 of risks 10.00
 17 (iii) maximum charge if policy and all forms submitted
 18 at one time or resubmitted for approval within 180 days
 19 100.00
 20 (2) The commissioner shall promptly deposit with the
 21 state treasurer to the credit of the general fund of this
 22 state all fines and penalties, those amounts received
 23 pursuant to 33-2-311, 33-2-705, and 33-2-706, and any fees
 24 and examination and miscellaneous charges received--pursuant
 25 to--Title--33--chapter--17--part--17 that are collected by him

pursuant to Title 33 and the rules adopted thereunder.

(3) All fees are considered fully earned when received. In the event of overpayment, only those amounts in excess of \$10 will be refunded.

~~(4) All fees and examination and miscellaneous charges except fines or penalties or those amounts received pursuant to 33-2-311, 33-2-705, or 33-2-706, collected by the commissioner pursuant to Title 33 and the rules adopted thereunder must be deposited in the insurance regulatory trust account pursuant to 17-2-121 through 17-2-123.~~

Section 7. Section 33-30-204, MCA, is amended to read:

"33-30-204. Fees. (1) Every health service corporation subject to the provisions of this chapter shall pay the following fees to the commissioner for enforcement of the provisions of this chapter:

(a) enrollment representative's license:

(i) application for original license and issuance of license \$15

(ii) annual renewal \$15

(iii) examination for license, for each examination ...

..... \$15

(b) filing any other statement or report \$1

(c) for a certified copy of any document or other paper filed in the office of the commissioner, per page

..... \$50

(d) for the certificate and for affixing the seal thereto \$10

(e) filing of a membership contract \$25

(f) filing of a membership contract package \$100

(g) filing annual report, other than as part of application for original license \$25

(h) issuance of health service corporation license ...
..... \$300

(i) annual continuation of health service corporation license \$300

(2) The commissioner shall promptly deposit with the state treasurer, to the credit of the ~~insurance regulatory trust account provided for in 17-2-121~~ general fund, all fees and license fees received by him under this section."

Section 8. Section 33-31-212, MCA, is amended to read:

"33-31-212. Fees. (1) Each health maintenance organization shall pay to the commissioner the following fees:

(a) for filing an application for a certificate of authority or amendment thereto, \$300;

(b) for filing an amendment to the organization documents that requires approval, \$25;

(c) for filing each annual statement, \$25;

(d) for annual continuation of certificate of authority, \$300.

1 (2) All fees, and miscellaneous charges, except fines,
2 or penalties, or and those amounts received pursuant to
3 33-31-211(3) and 33-31-405, collected by the commissioner
4 pursuant to this chapter and the rules adopted thereunder
5 must be deposited in the insurance-regulatory-trust--account
6 pursuant-to-17-2-121-through-17-2-123 general fund.

7 (3) The director may assess fees necessary and
8 adequate to cover the expenses of the director's functions
9 under this chapter. Such fees are statutorily appropriated
10 to the department of health as provided in 17-7-502."

11 NEW SECTION. **Section 9.** Repealer. Sections 17-2-122,
12 17-2-123, ~~19-12-302~~, and 30-10-116 through 30-10-118, MCA,
13 are repealed.

14 NEW SECTION. **Section 10.** Effective date. [This act]
15 is effective July 1, 1989.

-End-

1 SENATE BILL NO. 78

2 INTRODUCED BY REGAN, HIMSL, BARDANOUE

3 BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

4
5 A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING CERTAIN
6 STATE SPECIAL REVENUE FUND ACCOUNTS THAT PERIODICALLY
7 TRANSFER THEIR UNOBLIGATED BALANCES TO THE GENERAL FUND;
8 REQUIRING MONEY IN THOSE ACCOUNTS TO BE DEPOSITED IN THE
9 GENERAL FUND; AMENDING SECTIONS 16-11-124, 17-2-121,
10 19-11-513, 19-11-514, 30-9-403, 30-10-115, 30-10-209,
11 33-2-708, 33-30-204, AND 33-31-212, MCA; REPEALING SECTIONS
12 17-2-122, 17-2-123, 19-12-302, AND 30-10-116 THROUGH
13 30-10-118, MCA; AND PROVIDING AN EFFECTIVE DATE."

14
15 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

16 Section 1. Section 16-11-124, MCA, is amended to read:

17 "16-11-124. Disposition of license fees. (1) All
18 license fees collected under the provisions of this part
19 shall be deposited with the state treasurer in the
20 department's cigarette enforcement account in the state
21 special-revenue general fund.

22 (2) For the biennium beginning July 1, 1971, and each
23 Each biennium thereafter, there shall be appropriated to the
24 department a sum deemed an amount justified and reasonable
25 to operate the department's cigarette enforcement division;

1 providing that after payment of all pending and known
2 expenses, all sums so appropriated in excess of \$7,500 not
3 needed for the administration of this part shall be
4 transferred to the state general fund to be available for
5 general fund purposes. Such transfer shall be made within 15
6 days of the last day of the biennium.

7 (3) All expenses charged against said cigarette
8 enforcement account the appropriation shall be justified by
9 itemized claims coupled with standard accounting reports."

10 Section 2. Section 17-2-121, MCA, is amended to read:

11 "17-2-121. Insurance regulatory trust account Deposits
12 by insurance commissioner. (1) There is created in the state
13 treasury an account within the state special-revenue fund
14 designated "insurance regulatory trust account" to which
15 must be credited all All fees, and miscellaneous and
16 examination charges, but not fines, or penalties, or and
17 those amounts received pursuant to 33-2-311, 33-2-705, or
18 33-2-706, collected by the insurance commissioner pursuant
19 to Title 33 and the rules adopted thereunder must be
20 deposited in the general fund.

21 (2) The money so received and deposited in the
22 insurance regulatory trust account may be paid out of the
23 treasury only on appropriation made by the legislature as
24 provided in 17-8-101 and must be used only to defray the
25 expenses of the insurance commissioner and his staff in the

discharge--of--their--administrative--and--regulatory--powers--and
duties--as--prescribed--by--law,--subject--to--the--applicable--laws
relating--to--the--appropriations--of--state--funds--and--to--the
deposit--and--expenditure--of--state--money. The commissioner--is
responsible--for--the--proper--expenditure--of--this--money--as
provided--by--law.

(3)--Any--cash--balance--remaining--in--the---insurance
regulatory--trust--account--after--all--current--fiscal--year
expenditures--are--met--must--be--transferred--to--the--general
fund."

Section 3. Section 19-11-513, MCA, is amended to read:

"19-11-513. Transfer--of--premium--taxes--to--state
treasury. The state auditor shall estimate the portion of
premium--taxes--needed--to--make--the--payments--required--by--this
chapter and shall pay an amount equal to the estimate into
the--state--treasury,--to--the--credit--of--the--state--special
revenue fund. The payment is payments are statutorily
appropriated--as--provided--in--17-7-502. Any balances
remaining after such payments have been ordered shall be
transferred to the general fund."

Section 4. Section 19-11-514, MCA, is amended to read:

"19-11-514. State--treasurer--to--pay--warrants. The
state treasurer is hereby authorized and directed, upon the
presentation--to--him--of--a--warrant--drawn--pursuant--to--this
chapter, to pay to the treasurer of the city or town, out of

moneys--money--in--the--state--special--revenue--general--fund
dedicated--for--such--purpose, the amount of such the warrant,
specified, which The amount shall be paid by said the city
treasurer--to--said the fire department relief association."

Section 3. Section 30-9-403, MCA, is amended to read:

"30-9-403. What constitutes filing -- duration of
filing -- fees -- effect of lapsed filing -- duties of
filing officer -- computerized farm statement system. (1)
Presentation for filing of a financing statement and tender
of the filing fee or acceptance of the statement by the
filing officer constitutes filing under this chapter.

(2) Except as provided in subsections (6) and (11), a
filed financing statement is effective for a period of 5
years from the date of filing. The effectiveness of a filed
financing statement lapses on the expiration of the 5-year
period unless a continuation statement is filed prior to the
lapse. If a security interest perfected by filing exists at
the time insolvency proceedings are commenced by or against
the debtor, the security interest remains perfected until
termination of the insolvency proceedings and thereafter for
a period of 60 days or until expiration of the 5-year
period, whichever occurs later. Upon lapse the security
interest becomes unperfected, unless it is perfected without
filing. If the security interest becomes unperfected upon
lapse, it is considered to have been unperfected as against

1 a person who became a purchaser or lien creditor before
2 lapse.

3 (3) A continuation statement may be filed by the
4 secured party within 6 months prior to the expiration of the
5 5-year period specified in subsection (2). Any such
6 continuation statement must be signed by the secured party,
7 identify the original statement by file number, and state
8 that the original statement is still effective. A
9 continuation statement signed by a person other than the
10 secured party of record must be accompanied by a separate
11 written statement of assignment signed by the secured party
12 of record and complying with 30-9-405(2), including payment
13 of the required fee. Upon timely filing of the continuation
14 statement, the effectiveness of the original statement is
15 continued for 5 years after the last date to which the
16 filing was effective, whereupon it lapses in the same manner
17 as provided in subsection (2) unless another continuation
18 statement is filed prior to such lapse. Succeeding
19 continuation statements may be filed in the same manner to
20 continue the effectiveness of the original statement. Unless
21 a statute on disposition of public records provides
22 otherwise, the filing officer may remove a lapsed statement
23 from the files and destroy it immediately if he has retained
24 a microfilm or other photographic record, or in other cases
25 after 1 year after the lapse. The filing officer shall so

1 arrange matters by physical annexation of financing
2 statements to continuation statements or other related
3 filings, or by other means, that if he physically destroys
4 the financing statements of a period more than 5 years past,
5 those which have been continued by a continuation statement
6 or which are still effective under subsection (6) shall be
7 retained.

8 (4) Except as provided in subsection (7), a filing
9 officer shall mark each statement with a file number and
10 with the date and hour of filing and shall hold the
11 statement or a microfilm or other photographic copy thereof
12 for public inspection. In addition, the filing officer shall
13 index the statements according to the name of the debtor and
14 shall note in the index the file number and the address of
15 the debtor given in the statement.

16 (5) The uniform fees for filing, indexing, and
17 stamping a copy furnished by the filing party to show the
18 date and place of filing shall be set pursuant to subsection
19 (13).

20 (6) If the debtor is a transmitting utility and a
21 filed financing statement so states, it is effective until a
22 termination statement is filed. A real estate mortgage that
23 is effective as a fixture filing under 30-9-402(6) remains
24 effective as a fixture filing until the mortgage is released
25 or satisfied of record or its effectiveness otherwise

1 terminates as to the real estate.

2 (7) When a financing statement covers timber to be cut
3 or covers minerals or the like (including oil and gas) or
4 accounts subject to 30-9-103(5) or is filed as a fixture
5 filing, the filing officer shall index it under the names of
6 the debtor and any owner of record shown on the financing
7 statement in the same fashion as if they were the mortgagors
8 in a mortgage of the real estate described and, to the
9 extent that the law of this state provides for indexing of
10 mortgages under the name of the mortgagee, under the name of
11 the secured party as if he were the mortgagee thereunder, or
12 if indexing is by description, in the same fashion as if the
13 financing statement were a mortgage of the real estate
14 described.

15 (8) When a financing or continuation statement filed
16 by a financial institution covers farm products or accounts,
17 livestock, general intangibles arising from or relating to
18 the sale of farm products by a farmer, crops growing or to
19 be grown, or equipment used in farming operations, the fee
20 for filing must be established by the secretary of state in
21 an amount commensurate with the costs of establishing and
22 operating the computerized access system described in
23 subsection (9).

24 (9) Within one 1 working day of receipt of a financing
25 or continuation statement, the secretary of state shall

1 record the information contained in the statement on a
2 centralized computer system that he shall establish. The
3 computer system must allow access to financing statement
4 information by any type of communications which conform to
5 standards used by the state central computer. The system
6 must have safeguards to allow only access to UCC data and to
7 prevent alteration, addition, or deletion of the UCC data.
8 The computer must be accessible whenever the state computer
9 system is available. A perfected security interest is not
10 created until the financing statement information is
11 recorded on the system. A printout of information from the
12 system is prima facie evidence of the existence or
13 nonexistence of the filing of a financing statement. The
14 secretary of state shall maintain adequate errors and
15 omissions liability coverage to protect against input errors
16 causing loss to a secured party.

17 (10) The secretary of state shall, upon request of a
18 clerk and recorder, mail a certified copy of a financing
19 statement, continuation statement, assignment, amendment, or
20 termination covering collateral described in subsection (8)
21 to the clerk and recorder in the county of the principal
22 debtor's residence. The secretary of state shall mail the
23 requested copies at least once each week. This subsection
24 does not require the secretary of state to mail a copy of
25 any document which does not specifically indicate the county

1 of the principal debtor's residence on its face.

2 (11) When a financing or continuation statement covers
3 property described in subsection (8), its effectiveness
4 lapses on July 1, 1986, unless prior to that date there is
5 filed in the office of the secretary of state a certified
6 copy of the statement on file with the county clerk and all
7 related documents.

8 (12) Financing statement information in the computer
9 system constitutes public writings within the meaning of
10 2-6-101, but the information may not be used to compile
11 mailing lists.

12 (13) The secretary of state, with advice from the
13 county clerk and recorders, shall by administrative rule
14 establish fees as required by this part. The fees must be
15 commensurate with the costs of processing the documents. The
16 secretary of state shall maintain records sufficient to
17 support the amounts of the fees established under this
18 subsection. The secretary of state shall deposit in a--state
19 ~~special--revenue~~ the general fund in the state treasury all
20 fees he collects, ~~and the fee money may be paid out of the~~
21 ~~treasury only on appropriation made by the legislature as~~
22 ~~provided in 17-8-101. Any fee money collected under this~~
23 ~~part and remaining in the state treasury after all current~~
24 ~~fiscal year expenditures are met must be transferred to the~~
25 ~~general fund.~~ The secretary of state shall disseminate the

1 uniform fee schedule to the county clerk and recorders for
2 their use."

3 **Section 4.** Section 30-10-115, MCA, is amended to read:

4 "30-10-115. Securities----regulatory---trust---account
5 Deposits to the general fund. ~~{1}--There is--created--in--the~~
6 ~~state--special--revenue--fund--an--account--designated--as--the~~
7 ~~"securities-regulatory-trust-account"--into--which--all~~ All
8 fees, examination charges, and miscellaneous charges
9 received by the commissioner pursuant to parts 1 through 3
10 of this chapter must be deposited in the general fund.

11 ~~{2}--The money received and deposited in the securities~~
12 ~~regulatory--trust--account--may--be--paid--out--of--the--treasury~~
13 ~~only--on--appropriation--made--by--the--legislature--as--provided~~
14 ~~in--17-8-101, and may be used only to defray the expenses of~~
15 ~~the commissioner and his staff in the discharge of their~~
16 ~~administrative---and---regulatory---powers---and---duties---as~~
17 ~~prescribed by law, subject to the applicable laws relating~~
18 ~~to--the--appropriation--of--state--funds--and--to--the--deposit--and~~
19 ~~expenditure--of--state--money. The commissioner is responsible~~
20 ~~for the proper expenditure of this money as provided by law.~~

21 ~~{3}--Any cash balance remaining in the securities~~
22 ~~regulatory--trust--account--after--all--current--fiscal--year~~
23 ~~expenditures--are--met--must--be--transferred--to--the--general~~
24 ~~fund."~~

25 **Section 5.** Section 30-10-209, MCA, is amended to read:

1 "30-10-209. Fees. The following fees shall be paid in
2 advance under the provisions of parts 1 through 3 of this
3 chapter:

4 (1) (a) For the registration of securities by
5 notification, coordination, or qualification, there shall be
6 paid to the commissioner for the first year of registration
7 a registration fee of \$200 for the first \$100,000 of initial
8 issue or portion thereof in this state, based on offering
9 price, plus 1/10 of 1% for any excess over \$100,000, with a
10 maximum of \$1,000.

11 (b) Each year thereafter, a registration of securities
12 may be renewed, prior to its termination date, for an
13 additional year upon consent of the commissioner and payment
14 of an additional registration fee to be computed at 1/10 of
15 1% of the aggregate offering price of such securities which
16 are to be offered in this state during that year, even
17 though the maximum fee was paid the preceding year. In no
18 event shall the additional registration fee be less than
19 \$200 or more than \$1,000. The registration statement for
20 such securities may be amended to increase the amount of
21 securities to be offered.

22 (c) If a registrant sells securities in excess of the
23 aggregate amount registered for sale in this state, the
24 registrant may file an amendment to the registration
25 statement to include the excess sales. If the registrant

1 fails to file an amendment before the expiration date of the
2 registration order, he shall pay a filing fee for the excess
3 sales of three times the amount calculated in the manner
4 specified in subsection (1)(b). Registration of the excess
5 securities is effective retroactively to the date of the
6 existing registration.

7 (2) (a) For registration of a broker-dealer or
8 investment adviser, the fee shall be \$200 for original
9 registration and \$200 for each annual renewal.

10 (b) For registration of a salesman or investment
11 adviser representative, the fee shall be \$50 for original
12 registration with each employer, \$50 for each annual
13 renewal, and \$50 for each transfer.

14 (3) For certified copies of any documents filed with
15 the commissioner, the fee shall be the cost to the
16 department.

17 (4) For a request for an exemption under
18 30-10-105(15), the fee shall be established by the
19 commissioner by rule. For a request for any other exemption
20 or an exception to the provisions of parts 1 through 3 of
21 this chapter, the fee shall be \$50.

22 (5) All fees are considered fully earned when
23 received. In the event of overpayment, only those amounts in
24 excess of \$10 may be refunded.

25 (6) All fees, examination charges, and miscellaneous

1 charges, except fines, or and penalties, collected by the
 2 commissioner pursuant to parts 1 through 3 of this chapter
 3 and the rules adopted hereunder must be deposited into--the
 4 securities--regulatory--trust-account, pursuant to 38-10-115
 5 through 38-10-118.

6 {7}--All--fines--and--penalties--collected--by--the
 7 commissioner--pursuant--to--parts--1--through--3--of--this--chapter
 8 and the rules adopted hereunder must be deposited into in
 9 the general fund."

10 **Section 6.** Section 33-2-708, MCA, is amended to read:

11 "33-2-708. Fees and licenses. (1) The commissioner
 12 shall collect in advance and the persons so served shall so
 13 pay to the commissioner the following fees and licenses:

14 (a) certificates of authority:

15 (i) for filing applications for original certificates
 16 of authority, articles of incorporation (except original
 17 articles of incorporation of domestic insurers as provided
 18 in subsection (b) below) and other charter documents,
 19 bylaws, financial statement, examination report, power of
 20 attorney to the commissioner, and all other documents and
 21 filings required in connection with such application and for
 22 issuance of an original certificate of authority, if issued:

23 (A) domestic insurers \$ 300.00
 24 (B) foreign insurers 300.00
 25 (ii) annual continuation of certificate of authority ..

1 300.00
 2 (iii) reinstatement of certificate of authority
 3 25.00
 4 (iv) amendment of certificate of authority 50.00
 5 (b) articles of incorporation:
 6 (i) filing original articles of incorporation of
 7 domestic insurer, exclusive of fees required to be paid by
 8 the corporation to the secretary of state 20.00
 9 (ii) filing amendment of articles of incorporation,
 10 domestic and foreign insurers, exclusive of fees required to
 11 be paid to the secretary of state by a domestic corporation
 12 25.00
 13 (c) filing bylaws or amendment thereto where required
 14 10.00
 15 (d) filing annual statement of insurer, other than as
 16 part of application for original certificate of authority ..
 17 25.00
 18 (e) resident agent's license:
 19 (i) application for original license, including
 20 issuance of license, if issued (life and/or disability)
 21 15.00
 22 (ii) application for original license, including
 23 issuance of license, if issued (other than life and/or
 24 disability) 15.00
 25 (iii) appointment of agent, each insurer 10.00

1 (iv) annual renewal, each insurer 10.00
 2 (v) temporary license 10.00
 3 (vi) amendment of license (excluding additions thereto)
 4 or reissuance of master license 10.00
 5 (f) nonresident agent's license:
 6 (i) application for original license, including
 7 issuance of license, if issued (life and/or disability)
 8 100.00
 9 (ii) application for original license, including
 10 issuance of license, if issued (other than life and/or
 11 disability) 100.00
 12 (iii) appointment of agent, each insurer 10.00
 13 (iv) annual renewal, each insurer 10.00
 14 (v) amendment of license (excluding additions thereto)
 15 or reissuance of master license 10.00
 16 (g) solicitor's license:
 17 (i) application for original license, including
 18 issuance of license, if issued 15.00
 19 (ii) annual renewal of license 15.00
 20 (iii) appointment of solicitor 10.00
 21 (h) examination for license as agent or solicitor,
 22 each examination 15.00
 23 (i) surplus lines agent license:
 24 (i) application for original license and for issuance
 25 of license, if issued 50.00

1 (ii) annual renewal of license 50.00
 2 (j) adjuster's license:
 3 (i) application for original license and for issuance
 4 of license, if issued 15.00
 5 (ii) annual renewal of license 15.00
 6 (k) insurance vending machine license, each machine,
 7 each year 10.00
 8 (l) commissioner's certificate under seal (except when
 9 on certificates of authority or licenses) 10.00
 10 (m) copies of documents on file in the commissioner's
 11 office, per page50
 12 (n) policy forms:
 13 (i) filing each policy form 25.00
 14 (ii) filing each application, rider, endorsement,
 15 amendment, insert page, schedule of rates, and clarification
 16 of risks 10.00
 17 (iii) maximum charge if policy and all forms submitted
 18 at one time or resubmitted for approval within 180 days
 19 100.00
 20 (2) The commissioner shall promptly deposit with the
 21 state treasurer to the credit of the general fund of this
 22 state all fines and penalties, those amounts received
 23 pursuant to 33-2-311, 33-2-705, and 33-2-706, and any fees
 24 and examination and miscellaneous charges received--pursuant
 25 to--~~title--33--chapter--11--part--17~~ that are collected by him

1 pursuant to Title 33 and the rules adopted thereunder.

2 (3) All fees are considered fully earned when
3 received. In the event of overpayment, only those amounts in
4 excess of \$10 will be refunded.

5 ~~{4}--All---fees---and---examination---and---miscellaneous~~
6 ~~charges, except fines or penalties or those amounts received~~
7 ~~pursuant to 33-2-311, 33-2-705, or 33-2-706, collected by~~
8 ~~the commissioner pursuant to Title 33 and the rules adopted~~
9 ~~thereunder must be deposited in the insurance regulatory~~
10 ~~trust account pursuant to 17-2-121 through 17-2-123."~~

11 **Section 7.** Section 33-30-204, MCA, is amended to read:

12 "33-30-204. Fees. (1) Every health service corporation
13 subject to the provisions of this chapter shall pay the
14 following fees to the commissioner for enforcement of the
15 provisions of this chapter:

16 (a) enrollment representative's license:

17 (i) application for original license and issuance of
18 license \$15

19 (ii) annual renewal \$15

20 (iii) examination for license, for each examination ...
21 \$15

22 (b) filing any other statement or report \$1

23 (c) for a certified copy of any document or other
24 paper filed in the office of the commissioner, per page
25 \$.50

1 (d) for the certificate and for affixing the seal
2 thereto \$10

3 (e) filing of a membership contract \$25

4 (f) filing of a membership contract package \$100

5 (g) filing annual report, other than as part of
6 application for original license \$25

7 (h) issuance of health service corporation license ...
8 \$300

9 (i) annual continuation of health service corporation
10 license \$300

11 (2) The commissioner shall promptly deposit with the
12 state treasurer, to the credit of the ~~insurance regulatory~~
13 ~~trust account provided for in 17-2-121~~ general fund, all
14 fees and license fees received by him under this section."

15 **Section 8.** Section 33-31-212, MCA, is amended to read:

16 "33-31-212. Fees. (1) Each health maintenance
17 organization shall pay to the commissioner the following
18 fees:

19 (a) for filing an application for a certificate of
20 authority or amendment thereto, \$300;

21 (b) for filing an amendment to the organization
22 documents that requires approval, \$25;

23 (c) for filing each annual statement, \$25;

24 (d) for annual continuation of certificate of
25 authority, \$300.

1 (2) All fees, and miscellaneous charges, except fines,
2 or penalties, or and those amounts received pursuant to
3 33-31-211(3) and 33-31-405, collected by the commissioner
4 pursuant to this chapter and the rules adopted thereunder
5 must be deposited in the ~~insurance-regulatory-trust--account~~
6 ~~pursuant-to-17-2-121-through-17-2-123~~ general fund.

7 (3) The director may assess fees necessary and
8 adequate to cover the expenses of the director's functions
9 under this chapter. Such fees are statutorily appropriated
10 to the department of health as provided in 17-7-502."

11 NEW SECTION. **Section 9.** Repealer. Sections 17-2-122,
12 17-2-123, ~~19-12-302,~~ and 30-10-116 through 30-10-118, MCA,
13 are repealed.

14 NEW SECTION. **Section 10.** Effective date. [This act]
15 is effective July 1, 1989.

-End-

SENATE BILL NO. 78

INTRODUCED BY REGAN, HIMSL, BARDANOUVE

BY REQUEST OF THE LEGISLATIVE FINANCE COMMITTEE

A BILL FOR AN ACT ENTITLED: "AN ACT ELIMINATING CERTAIN STATE SPECIAL REVENUE FUND ACCOUNTS THAT PERIODICALLY TRANSFER THEIR UNOBLIGATED BALANCES TO THE GENERAL FUND; REQUIRING MONEY IN THOSE ACCOUNTS TO BE DEPOSITED IN THE GENERAL FUND; AMENDING SECTIONS 16-11-124, 17-2-121, 19-11-513, 19-11-514, 30-9-403, 30-10-115, 30-10-209, 33-2-708, 33-30-204, AND 33-31-212, MCA; REPEALING SECTIONS 17-2-122, 17-2-123, 19-12-302, AND 30-10-116 THROUGH 30-10-118, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 16-11-124, MCA, is amended to read:

"16-11-124. Disposition of license fees. (1) All license fees collected under the provisions of this part shall be deposited with the state treasurer in the department's cigarette enforcement account in the state special revenue general fund.

(2) For the biennium beginning July 1, 1971, and each Each biennium thereafter, there shall be appropriated to the department a sum deemed an amount justified and reasonable to operate the department's cigarette enforcement division,

providing that after payment of all pending and known expenses, all sums so appropriated in excess of \$7,500 not needed for the administration of this part shall be transferred to the state general fund to be available for general fund purposes. Such transfer shall be made within 15 days of the last day of the biennium.

(3) All expenses charged against said cigarette enforcement account the appropriation shall be justified by itemized claims coupled with standard accounting reports."

Section 2. Section 17-2-121, MCA, is amended to read:

"17-2-121. Insurance regulatory trust account Deposits by insurance commissioner. (1) There is created in the state treasury an account within the state special revenue fund designated "insurance regulatory trust account" to which must be credited all All fees, and miscellaneous and examination charges, but not fines, or penalties, or and those amounts received pursuant to 33-2-311, 33-2-705, or 33-2-706, collected by the insurance commissioner pursuant to Title 33 and the rules adopted thereunder must be deposited in the general fund.

(2) The money so received and deposited in the insurance regulatory trust account may be paid out of the treasury only on appropriation made by the legislature as provided in 17-8-101 and must be used only to defray the expenses of the insurance commissioner and his staff in the

discharge--of-their-administrative-and-regulatory-powers-and
duties-as-prescribed-by-law, subject-to-the-applicable--laws
relating--to--the--appropriations--of-state-funds-and-to-the
deposit-and-expenditure-of-state-money. The-commissioner--is
responsible--for--the--proper--expenditure--of-this-money-as
provided-by-law.

{3}-Any-cash--balance--remaining--in--the---insurance
regulatory--trust--account--after--all--current--fiscal-year
expenditures-are-met-must-be--transferred--to--the--general
fund."

Section 3. Section 19-11-513, MCA, is amended to read:

"19-11-513. Transfer---of---premium---taxes--to--state
treasury. The-state-auditor-shall-estimate-the--portion--of
premium--taxes--needed-to-make-the-payments-required-by-this
chapter-and-shall-pay-an-amount-equal-to-the--estimate--into
the--state--treasury,--to--the--credit--of-the-state-special
revenue-fund. The--payment--is--payments--are--statutorily
appropriated---as---provided---in--17-7-502. Any--balances
remaining-after-such-payments-have--been--ordered--shall--be
transferred-to-the-general-fund."

Section 4. Section 19-11-514, MCA, is amended to read:

"19-11-514. State--treasurer--to--pay--warrants. The
state-treasurer-is-hereby-authorized-and-directed, upon--the
presentation--to--him--of--a--warrant-drawn-pursuant-to-this
chapter, to-pay-to-the-treasurer-of-the-city-or-town, out-of

moneys--money-in--the--state--special--revenue--general--fund
dedicated--for-such-purpose, the-amount-of-such--the-warrant,
specified, which--The-amount-shall-be-paid-by-said--the--city
treasurer--to--said--the-fire-department-relief-association."

Section 3. Section 30-9-403, MCA, is amended to read:

"30-9-403. What constitutes filing -- duration of
filing -- fees -- effect of lapsed filing -- duties of
filing officer -- computerized farm statement system. (1)
Presentation for filing of a financing statement and tender
of the filing fee or acceptance of the statement by the
filing officer constitutes filing under this chapter.

(2) Except as provided in subsections (6) and (11), a
filed financing statement is effective for a period of 5
years from the date of filing. The effectiveness of a filed
financing statement lapses on the expiration of the 5-year
period unless a continuation statement is filed prior to the
lapse. If a security interest perfected by filing exists at
the time insolvency proceedings are commenced by or against
the debtor, the security interest remains perfected until
termination of the insolvency proceedings and thereafter for
a period of 60 days or until expiration of the 5-year
period, whichever occurs later. Upon lapse the security
interest becomes unperfected, unless it is perfected without
filing. If the security interest becomes unperfected upon
lapse, it is considered to have been unperfected as against

1 a person who became a purchaser or lien creditor before
2 lapse.

3 (3) A continuation statement may be filed by the
4 secured party within 6 months prior to the expiration of the
5 5-year period specified in subsection (2). Any such
6 continuation statement must be signed by the secured party,
7 identify the original statement by file number, and state
8 that the original statement is still effective. A
9 continuation statement signed by a person other than the
10 secured party of record must be accompanied by a separate
11 written statement of assignment signed by the secured party
12 of record and complying with 30-9-405(2), including payment
13 of the required fee. Upon timely filing of the continuation
14 statement, the effectiveness of the original statement is
15 continued for 5 years after the last date to which the
16 filing was effective, whereupon it lapses in the same manner
17 as provided in subsection (2) unless another continuation
18 statement is filed prior to such lapse. Succeeding
19 continuation statements may be filed in the same manner to
20 continue the effectiveness of the original statement. Unless
21 a statute on disposition of public records provides
22 otherwise, the filing officer may remove a lapsed statement
23 from the files and destroy it immediately if he has retained
24 a microfilm or other photographic record, or in other cases
25 after 1 year after the lapse. The filing officer shall so

1 arrange matters by physical annexation of financing
2 statements to continuation statements or other related
3 filings, or by other means, that if he physically destroys
4 the financing statements of a period more than 5 years past,
5 those which have been continued by a continuation statement
6 or which are still effective under subsection (6) shall be
7 retained.

8 (4) Except as provided in subsection (7), a filing
9 officer shall mark each statement with a file number and
10 with the date and hour of filing and shall hold the
11 statement or a microfilm or other photographic copy thereof
12 for public inspection. In addition, the filing officer shall
13 index the statements according to the name of the debtor and
14 shall note in the index the file number and the address of
15 the debtor given in the statement.

16 (5) The uniform fees for filing, indexing, and
17 stamping a copy furnished by the filing party to show the
18 date and place of filing shall be set pursuant to subsection
19 (13).

20 (6) If the debtor is a transmitting utility and a
21 filed financing statement so states, it is effective until a
22 termination statement is filed. A real estate mortgage that
23 is effective as a fixture filing under 30-9-402(6) remains
24 effective as a fixture filing until the mortgage is released
25 or satisfied of record or its effectiveness otherwise

1 terminates as to the real estate.

2 (7) When a financing statement covers timber to be cut
3 or covers minerals or the like (including oil and gas) or
4 accounts subject to 30-9-103(5) or is filed as a fixture
5 filing, the filing officer shall index it under the names of
6 the debtor and any owner of record shown on the financing
7 statement in the same fashion as if they were the mortgagors
8 in a mortgage of the real estate described and, to the
9 extent that the law of this state provides for indexing of
10 mortgages under the name of the mortgagee, under the name of
11 the secured party as if he were the mortgagee thereunder, or
12 if indexing is by description, in the same fashion as if the
13 financing statement were a mortgage of the real estate
14 described.

15 (8) When a financing or continuation statement filed
16 by a financial institution covers farm products or accounts,
17 livestock, general intangibles arising from or relating to
18 the sale of farm products by a farmer, crops growing or to
19 be grown, or equipment used in farming operations, the fee
20 for filing must be established by the secretary of state in
21 an amount commensurate with the costs of establishing and
22 operating the computerized access system described in
23 subsection (9).

24 (9) Within one 1 working day of receipt of a financing
25 or continuation statement, the secretary of state shall

1 record the information contained in the statement on a
2 centralized computer system that he shall establish. The
3 computer system must allow access to financing statement
4 information by any type of communications which conform to
5 standards used by the state central computer. The system
6 must have safeguards to allow only access to UCC data and to
7 prevent alteration, addition, or deletion of the UCC data.
8 The computer must be accessible whenever the state computer
9 system is available. A perfected security interest is not
10 created until the financing statement information is
11 recorded on the system. A printout of information from the
12 system is prima facie evidence of the existence or
13 nonexistence of the filing of a financing statement. The
14 secretary of state shall maintain adequate errors and
15 omissions liability coverage to protect against input errors
16 causing loss to a secured party.

17 (10) The secretary of state shall, upon request of a
18 clerk and recorder, mail a certified copy of a financing
19 statement, continuation statement, assignment, amendment, or
20 termination covering collateral described in subsection (8)
21 to the clerk and recorder in the county of the principal
22 debtor's residence. The secretary of state shall mail the
23 requested copies at least once each week. This subsection
24 does not require the secretary of state to mail a copy of
25 any document which does not specifically indicate the county

1 of the principal debtor's residence on its face.

2 (11) When a financing or continuation statement covers
3 property described in subsection (8), its effectiveness
4 lapses on July 1, 1986, unless prior to that date there is
5 filed in the office of the secretary of state a certified
6 copy of the statement on file with the county clerk and all
7 related documents.

8 (12) Financing statement information in the computer
9 system constitutes public writings within the meaning of
10 2-6-101, but the information may not be used to compile
11 mailing lists.

12 (13) The secretary of state, with advice from the
13 county clerk and recorders, shall by administrative rule
14 establish fees as required by this part. The fees must be
15 commensurate with the costs of processing the documents. The
16 secretary of state shall maintain records sufficient to
17 support the amounts of the fees established under this
18 subsection. The secretary of state shall deposit in a--state
19 ~~special--revenue~~ the general fund in the state treasury all
20 fees he collects, ~~and the fee money may be paid out of the~~
21 ~~treasury only on appropriation made by the legislature as~~
22 ~~provided in 17-8-101. Any fee money collected under this~~
23 ~~part and remaining in the state treasury after all current~~
24 ~~fiscal year expenditures are met must be transferred to the~~
25 ~~general fund.~~ The secretary of state shall disseminate the

1 uniform fee schedule to the county clerk and recorders for
2 their use."

3 **Section 4.** Section 30-10-115, MCA, is amended to read:

4 "30-10-115. Securities---regulatory---trust---account
5 Deposits to the general fund. ~~{1} There is created in the~~
6 ~~state special revenue fund an account designated as the~~
7 ~~"securities regulatory trust account" into which all~~ All
8 fees, examination charges, and miscellaneous charges
9 received by the commissioner pursuant to parts 1 through 3
10 of this chapter must be deposited in the general fund.

11 ~~{2} The money received and deposited in the securities~~
12 ~~regulatory trust account may be paid out of the treasury~~
13 ~~only on appropriation made by the legislature, as provided~~
14 ~~in 17-8-101, and may be used only to defray the expenses of~~
15 ~~the commissioner and his staff in the discharge of their~~
16 ~~administrative and regulatory powers and duties as~~
17 ~~prescribed by law, subject to the applicable laws relating~~
18 ~~to the appropriation of state funds and to the deposit and~~
19 ~~expenditure of state money. The commissioner is responsible~~
20 ~~for the proper expenditure of this money as provided by law.~~

21 ~~{3} Any cash balance remaining in the securities~~
22 ~~regulatory trust account after all current fiscal year~~
23 ~~expenditures are met must be transferred to the general~~
24 ~~fund."~~

25 **Section 5.** Section 30-10-209, MCA, is amended to read:

1 "30-10-209. Fees. The following fees shall be paid in
2 advance under the provisions of parts 1 through 3 of this
3 chapter:

4 (1) (a) For the registration of securities by
5 notification, coordination, or qualification, there shall be
6 paid to the commissioner for the first year of registration
7 a registration fee of \$200 for the first \$100,000 of initial
8 issue or portion thereof in this state, based on offering
9 price, plus 1/10 of 1% for any excess over \$100,000, with a
10 maximum of \$1,000.

11 (b) Each year thereafter, a registration of securities
12 may be renewed, prior to its termination date, for an
13 additional year upon consent of the commissioner and payment
14 of an additional registration fee to be computed at 1/10 of
15 1% of the aggregate offering price of such securities which
16 are to be offered in this state during that year, even
17 though the maximum fee was paid the preceding year. In no
18 event shall the additional registration fee be less than
19 \$200 or more than \$1,000. The registration statement for
20 such securities may be amended to increase the amount of
21 securities to be offered.

22 (c) If a registrant sells securities in excess of the
23 aggregate amount registered for sale in this state, the
24 registrant may file an amendment to the registration
25 statement to include the excess sales. If the registrant

1 fails to file an amendment before the expiration date of the
2 registration order, he shall pay a filing fee for the excess
3 sales of three times the amount calculated in the manner
4 specified in subsection (1)(b). Registration of the excess
5 securities is effective retroactively to the date of the
6 existing registration.

7 (2) (a) For registration of a broker-dealer or
8 investment adviser, the fee shall be \$200 for original
9 registration and \$200 for each annual renewal.

10 (b) For registration of a salesman or investment
11 adviser representative, the fee shall be \$50 for original
12 registration with each employer, \$50 for each annual
13 renewal, and \$50 for each transfer.

14 (3) For certified copies of any documents filed with
15 the commissioner, the fee shall be the cost to the
16 department.

17 (4) For a request for an exemption under
18 30-10-105(15), the fee shall be established by the
19 commissioner by rule. For a request for any other exemption
20 or an exception to the provisions of parts 1 through 3 of
21 this chapter, the fee shall be \$50.

22 (5) All fees are considered fully earned when
23 received. In the event of overpayment, only those amounts in
24 excess of \$10 may be refunded.

25 (6) All fees, examination charges, and miscellaneous

1 charges, except fines, or and penalties, collected by the
2 commissioner pursuant to parts 1 through 3 of this chapter
3 and the rules adopted hereunder must be deposited into the
4 securities--regulatory--trust account, pursuant to 38-10-115
5 through 38-10-118.

6 {7}--All--fines--and--penalties--collected--by--the
7 commissioner--pursuant--to--parts--1--through--3--of--this--chapter
8 and--the--rules--adopted--hereunder--must--be--deposited--into in
9 the general fund."

10 **Section 6.** Section 33-2-708, MCA, is amended to read:

11 "33-2-708. Fees and licenses. (1) The commissioner
12 shall collect in advance and the persons so served shall so
13 pay to the commissioner the following fees and licenses:

14 (a) certificates of authority:

15 (i) for filing applications for original certificates
16 of authority, articles of incorporation (except original
17 articles of incorporation of domestic insurers as provided
18 in subsection (b) below) and other charter documents,
19 bylaws, financial statement, examination report, power of
20 attorney to the commissioner, and all other documents and
21 filings required in connection with such application and for
22 issuance of an original certificate of authority, if issued:

23 (A) domestic insurers \$ 300.00

24 (B) foreign insurers 300.00

25 (ii) annual continuation of certificate of authority ..

1 300.00
2 (iii) reinstatement of certificate of authority
3 25.00
4 (iv) amendment of certificate of authority 50.00
5 (b) articles of incorporation:
6 (i) filing original articles of incorporation of
7 domestic insurer, exclusive of fees required to be paid by
8 the corporation to the secretary of state 20.00
9 (ii) filing amendment of articles of incorporation,
10 domestic and foreign insurers, exclusive of fees required to
11 be paid to the secretary of state by a domestic corporation
12 25.00
13 (c) filing bylaws or amendment thereto where required
14 10.00
15 (d) filing annual statement of insurer, other than as
16 part of application for original certificate of authority ..
17 25.00
18 (e) resident agent's license:
19 (i) application for original license, including
20 issuance of license, if issued (life and/or disability)
21 15.00
22 (ii) application for original license, including
23 issuance of license, if issued (other than life and/or
24 disability) 15.00
25 (iii) appointment of agent, each insurer 10.00

1	(iv) annual renewal, each insurer	10.00
2	(v) temporary license	10.00
3	(vi) amendment of license (excluding additions thereto)	
4	or reissuance of master license	10.00
5	(f) nonresident agent's license:	
6	(i) application for original license, including	
7	issuance of license, if issued (life and/or disability)	
8		100.00
9	(ii) application for original license, including	
10	issuance of license, if issued (other than life and/or	
11	disability)	100.00
12	(iii) appointment of agent, each insurer	10.00
13	(iv) annual renewal, each insurer	10.00
14	(v) amendment of license (excluding additions thereto)	
15	or reissuance of master license	10.00
16	(g) solicitor's license:	
17	(i) application for original license, including	
18	issuance of license, if issued	15.00
19	(ii) annual renewal of license	15.00
20	(iii) appointment of solicitor	10.00
21	(h) examination for license as agent or solicitor,	
22	each examination	15.00
23	(i) surplus lines agent license:	
24	(i) application for original license and for issuance	
25	of license, if issued	50.00

1	(ii) annual renewal of license	50.00
2	(j) adjuster's license:	
3	(i) application for original license and for issuance	
4	of license, if issued	15.00
5	(ii) annual renewal of license	15.00
6	(k) insurance vending machine license, each machine,	
7	each year	10.00
8	(l) commissioner's certificate under seal (except when	
9	on certificates of authority or licenses)	10.00
10	(m) copies of documents on file in the commissioner's	
11	office, per page	.50
12	(n) policy forms:	
13	(i) filing each policy form	25.00
14	(ii) filing each application, rider, endorsement,	
15	amendment, insert page, schedule of rates, and clarification	
16	of risks	10.00
17	(iii) maximum charge if policy and all forms submitted	
18	at one time or resubmitted for approval within 180 days	
19		100.00
20	(2) The commissioner shall promptly deposit with the	
21	state treasurer to the credit of the general fund of this	
22	state all fines and penalties, those amounts received	
23	pursuant to 33-2-311, 33-2-705, and 33-2-706, and any fees	
24	and examination and miscellaneous charges received--pursuant	
25	to--Title--33, chapter--11, part--1, that are collected by him	

1 pursuant to Title 33 and the rules adopted thereunder.

2 (3) All fees are considered fully earned when
3 received. In the event of overpayment, only those amounts in
4 excess of \$10 will be refunded.

5 ~~(4) All fees and examination and miscellaneous~~
6 ~~charges, except fines or penalties or those amounts received~~
7 ~~pursuant to 33-2-311, 33-2-705, or 33-2-706, collected by~~
8 ~~the commissioner pursuant to Title 33 and the rules adopted~~
9 ~~thereunder must be deposited in the insurance regulatory~~
10 ~~trust account pursuant to 17-2-121 through 17-2-123.~~

11 **Section 7.** Section 33-30-204, MCA, is amended to read:

12 "33-30-204. **Fees.** (1) Every health service corporation
13 subject to the provisions of this chapter shall pay the
14 following fees to the commissioner for enforcement of the
15 provisions of this chapter:

16 (a) enrollment representative's license:

17 (i) application for original license and issuance of
18 license \$15

19 (ii) annual renewal \$15

20 (iii) examination for license, for each examination ...
21 \$15

22 (b) filing any other statement or report \$1

23 (c) for a certified copy of any document or other
24 paper filed in the office of the commissioner, per page

25 \$.50

1 (d) for the certificate and for affixing the seal
2 thereto \$10

3 (e) filing of a membership contract \$25

4 (f) filing of a membership contract package \$100

5 (g) filing annual report, other than as part of
6 application for original license \$25

7 (h) issuance of health service corporation license ...
8 \$300

9 (i) annual continuation of health service corporation
10 license \$300

11 (2) The commissioner shall promptly deposit with the
12 state treasurer, to the credit of the insurance regulatory
13 trust account provided for in 17-2-121 general fund, all
14 fees and license fees received by him under this section."

15 **Section 8.** Section 33-31-212, MCA, is amended to read:

16 "33-31-212. **Fees.** (1) Each health maintenance
17 organization shall pay to the commissioner the following
18 fees:

19 (a) for filing an application for a certificate of
20 authority or amendment thereto, \$300;

21 (b) for filing an amendment to the organization
22 documents that requires approval, \$25;

23 (c) for filing each annual statement, \$25;

24 (d) for annual continuation of certificate of
25 authority, \$300.

1 (2) All fees, and miscellaneous charges, except fines,
2 or penalties, or and those amounts received pursuant to
3 33-31-211(3) and 33-31-405, collected by the commissioner
4 pursuant to this chapter and the rules adopted thereunder
5 must be deposited in the insurance-regulatory-trust--account
6 pursuant-to-17-2-121-through-17-2-123 general fund.

7 (3) The director may assess fees necessary and
8 adequate to cover the expenses of the director's functions
9 under this chapter. Such fees are statutorily appropriated
10 to the department of health as provided in 17-7-502."

11 NEW SECTION. Section 9. Repealer. Sections 17-2-122,
12 17-2-123, 19-12-382, and 30-10-116 through 30-10-118, MCA,
13 are repealed.

14 NEW SECTION. Section 10. Effective date. [This act]
15 is effective July 1, 1989.

-End-

MINUTES

MONTANA SENATE
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By CHAIRMAN PETE STORY, on WEDNESDAY,
JANUARY 25, 1989, at 4:30 P.M.

ROLL CALL

Members Present:

SENATOR GARY AKLESTAD	SENATOR LOREN JENKINS
SENATOR ESTHER BENGTSON	SENATOR MATT HIMSL
SENATOR PAUL BOYLAN	SENATOR TOM KEATING
SENATOR JUDY JACOBSON	SENATOR H.W. "SWEDE" HAMMOND
SENATOR PAT REGAN	SENATOR FRED VAN VALKENBURG
SENATOR DENNIS NATHE	SENATOR GREG JERGESON
SENATOR GERRY DEVLIN	SENATOR RICHARD MANNING
SENATOR SAM HOFMAN	SENATOR LAWRENCE STIMATZ
SENATOR ETHEL HARDING	SENATOR PETE STORY

Members Excused:

Members Absent: SEN. TVEIT

Staff Present: CURT NICHOLS, LFA; DEB THOMPSON, SECRETARY

Announcements/Discussion: None

HEARING ON SB 80

Presentation and Opening Statement by Sponsor: Sen. Matt Himsl, (1-A-022) sponsor of SB 80, presented the bill. He said the bill would eliminate the category of "other special revenue funds". He noted the differences between state earmarked funds and federal fund categories. He explained this bill is an accounting change.

List of Testifying Proponents and What Group they Represent:

Kathy Fabiano - Office of Public Instruction - support

List of Testifying Opponents and What Group They Represent:

Kathy Irigoin - State Auditor's Office - oppose

Testimony:

Proponents

Teresa Timm (074) from the Accounting Division of the Department of Administration, explained the requirements of biennial review and reports to the Legislative Finance Committee of all state and proprietary accounting entities. (See Exhibit 1) She explained that accounting entities classified as "other special revenue", cannot be distinguished from state and federal entities by their SBAS number and the general appropriations act does not recognize their existence. This results in a general appropriations act that is technically incorrect, confusing and misleading to anyone attempting to compare the state financial statements to the appropriations bill.

The budget amendment law, section 17-7-402 of the Montana Codes, also appears not to recognize the existence of the other special revenue accounting entities. The law requires that no budget amendment be approved for the expenditure of money in a state special revenue fund unless an emergency justifies such an expenditure. Amendments and special revenue accounting entities can be approved to spend funds which were not available for legislative consideration. When applying this law to the other special revenue accounts, some have been required to demonstrate that an emergency exists whereas others have been allowed budget amendments to spend unanticipated revenues.

Kathy Fabiano, Office of Public Instruction, testified in support of the bill. She noted that other special revenue accounts are confused with federal accounts frequently.

Opponents

Kathy Irigoin, (134) representing the State Auditors Office, testified in opposition to the bill. Until 1985, insurance and securities regulatory fees were deposited in the general fund. In 1985, the legislature created the insurance regulatory trust account and securities regulatory trust account. Since 1985, the regulatory fees collected by the Montana Insurance Department have been deposited in the insurance regulatory trust account and securities regulatory trust account. The State Auditor maintains that the purpose of the regulatory fee is to pay for regulation of the industry that pays it. Agencies should be able to have special accounts.

Questions From Committee Members: None

Closing by Sponsor: Sen. Hims1 (197) said the purpose of the bill was to remove the category of "other special revenue accounts" and put them into either "state special revenue accounts" or "federal special revenue accounts".

DISPOSITION OF SB 80

Discussion: More time was needed to get information on the bill.

Amendments and Votes: None

Recommendation and Vote: None

HEARING ON SB 78

Presentation and Opening Statement by Sponsor: Senator Pat Regan (200) presented SB 78. She said the bill was the result of the Legislative Finance Committee study and recommendations. She pointed out that Montana was the third highest in the nation of earmarked funds at 61%. This bill would reduce complexity and inflexibility in the fund structure. She introduced an amendment to the committee (Exhibit 1). She pointed out that it would be inappropriate to de-earmark the firemans' retirement. If this amendment is adopted, then only five accounts would be de-earmarked. She said that the issue was not the transfer of the fund balances to the general fund, since by current law, these funds are transferred periodically to the general fund. The funds should be de-earmarked just to appropriate the funds and have the fund balances remain in the general fund.

She noted that account number 02401, which is the fire retirement, should be crossed out so only the five accounts with the star would be de-earmarked (See Exhibit 2).

List of Testifying Proponents and What Group they Represent:

Kathy Fabiano - Office of Public Instruction - support
Lyle Nagel - Montana State Volunteer Fire Fighters
Association - support with amendments
Henry E. Lohr - Montana State Volunteer Fire Fighters
Association - support with amendments
V.S. Ericksen - Montana State Volunteer Fire Fighters
Association - support with amendments

List of Testifying Opponents and What Group They Represent:

Doug Mitchell - Secretary of State - oppose
Larry Akey - Association of Life Underwriters - oppose
Kathy Irigoin - State Auditors Office - oppose
Roger McGlenn - Independent Insurance Agents Associated
of Montana - oppose
Jacquiline Terrell - American Insurance Association -
oppose
Gene Phillips - National Association of Independent
Insurers - oppose
Patrick Driscoll - American Council of Life Insurance
Health Insurance Association of America - oppose
Bonnie Tippy - Alliance of American Insurers - oppose
Bob Stainsby - Farmers Insurance - oppose

Testimony:

Proponents

Teresa Timm (314), CPA, Accounting Systems Manager, testified in support of the bill (Exhibit 3). She pointed out that only the Department of Revenue complied with the statutory requirements to transfer remaining cash balances to the general fund. She recommended that 35 similar A/E's, which do not require statutory changes, be de-earmarked and reclassified as general fund.

Kathy Fabiano, (370) Office of Public Instruction, spoke in support of the bill. She pointed out that the Office of Public Instruction had two administratively earmarked accounts that they feel are unnecessary and add confusion to the state's accounting system.

Rep. Bardonoue spoke about his concern of earmarking and the balance remaining in the funds. He said there was a bill in the House a couple sessions ago that would require that the balances in a couple funds in the Auditors Office would not revert at the end of the biennium. It would mean an effect of six million dollars tied up in earmarked revenues if that bill had passed. He said this is an archaic way of financing the accounting system in the state and SB 78 should be supported.

Sen. Matt Hims1 spoke as a proponent of the bill. He shared figures with the committee. He said there were 212 special revenue accounts at the present time. 60 % of the state revenue goes into special earmarked funds. In the general fund in 1988, there were 306 million dollars. In the state special revenue accounts there were 508.6 million dollars, the federal special revenue accounts 406.9 million dollars. He pointed out that there were 950.5 million dollars in earmarked special revenue accounts with a good share of this in education, highways, and fish wildlife and parks. A study of this showed that the funds should be de-marked. Funds in the earmarked accounts escape scrutiny through the action of the appropriation committee. He told the committee to become conscious of what the situation really was and the limited amount of funds that are made available for general appropriations.

Lyle Nagel (492), representing State Volunteer Firefighters Association, asked the committee to approve the amendment submitted by Sen. Regan. Without the amendment, the bill would wipe out the income that furnishes the medical benefits and pension for rural volunteer firefighters. The amendment would keep the fund active.

Opponents

Kathy Irigoin, (513) representing the State Auditor's Office, testified in opposition to SB 78 (Exhibit 4). She said the State Auditor opposes the bill and maintains that the purpose of a regulatory fee is to pay for the regulation of the industry that pays it. She pointed out that passage of this bill would require the Montana Insurance Department and the Montana Securities Department to vie for funds from the general fund regardless of the regulatory fees they collect and also would give the Legislature no incentive to discontinue underfunding the Montana Insurance Department or the Montana Securities Department and overcharging the insurance and securities industries.

Roger McGlenn, (619) Executive Director of the Independent Agents Association of Montana voiced his concern about the specific fee charged to regulate the industry. He pointed out that only .62 cents of every dollar is used for regulation that this would be discriminatory or double taxation to the insurance agents in the state of Montana.

Larry Akey, representing the Life Insurance Agents, spoke defending the state special revenue tax. He pointed out that there was much to be said about fees or license charges that are collected for specific regulatory purposes. The industry recognizes the importance of regulation on the part of the consumer. Taking insurance regulatory monies away from the state special revenue fund and putting it into the general fund will risk using general taxpayers subsidies for regulation of the insurance industry.

Patrick Driscoll, an attorney in Helena representing the American Council of Life Insurance testified against the bill. He said that Mr. Paul Hopgood, representing the Health Insurance Association of America asked him to speak in his behalf as well. Both the ACLI and the HIAA are opposed to the elimination of this trust account for insurance regulation. Fees collected for insurance regulation should be used for insurance regulation or at a minimum should be at least made available for the purposes of regulation before they are dropped into the general fund. If the trust account is eliminated the general fund swallows up the funds in question it will be much more difficult for Montana to have an adequate insurance regulation framework.

Doug Mitchell (797), representing the Secretary of State's Office, pointed out an issue in de-earmarking funds was the potential of using general fund in order to subsidize fees.

(1-B-000)

Jacquiline Terrell, a lawyer practicing in Helena representing the American Insurance Association and also speaking on behalf of Gene Phillips who represents the National Association of Independent Insurers, testified against the bill. The American Insurance Association, representing 180 property and casualty insurers, opposes this legislation. The Montana Insurance Department has historically been a great source of funds for the operation and general government in Montana. The move that was made in 1985 from the status of a general fund agency to a special revenue fund agency was supported by the industry with an eye towards more adequate regulation of insurance in Montana. The purpose of the special regulatory trust

account was to insure that certain funds paid for regulation would be set aside for that purpose. When funds are deposited in the general fund it is easy to loose sight of why they were collected. If the industry is paying for the regulation then the state should provide funding for that regulation.

The American Insurance Association strongly encourages retaining the insurance regulatory trust account and not pass the bill. She read a prepared statement concerning the reaction of the National Association of Independent Insurers by Mr. Phillips. She presented correspondence and a press release that were applicable to this bill (Exhibit 5).

Bonny Tippy (100) representing the Alliance of American Insurers which is a property and casualty trade association for insurance companies, spoke in support of the insurance regulatory account. She pointed out that surrounding states were spending higher amounts on the regulation of insurance companies. She said the Insurance Commissioner's Office was underfunded. The reason for paying licensure fees is for the purpose of regulation.

Bob Stainsby (139), claims representative from Farmers Insurance, discussed working with the Insurance Commissioners Office and finding them responsive. The passage of this bill would impair working as a general fund agency.

Questions From Committee Members:

Senator Keating (156) asked the Auditors Office about the stockbrokers group. Kathy Irigoin replied that the stockbrokers had no association organized to monitor the bills.

Senator Keating (218) questioned how much was generated in fees that would have gone into the general fund. Kathy Irigoin replied that it was inappropriate to deposit regulatory fees in the general fund. She said that after the agency budget had been appropriated then the balance should remain in the account. The Legislature should consider further reducing the amount of fees that it charges to the insurance industry.

Senator Aklestad asked Senator Regan if the fund balances that were there now would automatically turn

into the general fund. Senator Regan said at the end of the biennium they automatically revert. Senator Regan pointed out that this bill would de-earmark the funds and not make them a special revenue account and it shows up on SBAS and can be tracked.

Senator Aklestad asked if the fees being looked at were just within this biennium. Senator Regan replied that it was the fiscal year 1988 fund balances shown. She said these would be the ones that would automatically trigger.

Senator Van Valkenburg asked if these would transfer into the general fund anyway why did the Department of Administration study indicate only the Department of Revenue was transferring the money in as required but that some other agencies, like the Auditors Office were not transferring the money. Teresa Timm replied that the evaluation of the accounts have determined that during the period covered by the report in FY 87 and 88 the cash balances still existed in the accounts in fiscal year end. The Auditors Office states that they were not reverted at fiscal year end.

Senator Van Valkenburg questioned Senator Bengtson concerning the canteen accounts at the prison. He asked if those were inmate accounts for the purchasing of small items if they would be taking their money and putting it in the general fund. Senator Bengtson replied that it was inappropriate to de-earmark funds from the inmate and patient funds. They feel they would have to be in begging for items that they now can purchase out of their funds.

Closing by Sponsor:

Senator Regan pointed out that the prison canteen and the funds from other institutions were not covered under this bill. She said this bill only addressed those earmarked funds that were established by statute and those were the ones with the stars after them in the exhibit. She explained the LFC had decided the prison would be left alone because of the emotional effect it might have on the institutions.

Senator Regan commented that whether the bill passes or not those funds will revert to the general fund. The issue is not the transfer of those funds to the general fund but to de-earmark the funds. The problem with earmarking funds is that it is either too much or too little and the right amount is never appropriated.

DISPOSITION OF SB 78

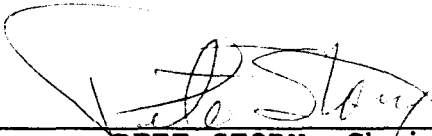
Discussion:

Amendments and Votes: Senator Regan moved that SB Do Pass.
Senator Stimatz said that more information was needed
before taking action on the bill. Senator Regan
withdrew the motion.

Recommendation and Vote: None

ADJOURNMENT

Adjournment At: 4:50 P.M.



PETE STORY, Chairman

PS/DT

FCS125

DAILY ROLL CALL

FINANCE AND CLAIMS

COMMITTEE - 1989

DATE 1-25-89

NAME	PRESENT	ABSENT	EXCUSED
Senator Gary Aklestad	✓		
Senator Loren Jenkins	✓		
Senator Esther Bengtson	✓		
Senator Matt Himsl	✓		
Senator Paul Boylan	✓		
Senator Tom Keating	✓		
Senator Judy Jacobson	✓		
Senator H.W. "Swede" Hammond	✓		
Senator Pat Regan	✓		
Senator Larry Tveit		✓	
Senator Fred Van Valkenburg	✓		
Senator Dennis Nathe	✓		
Senator Greg Jergeson	✓		
Senator Gerry Devlin	✓		
Senator Richard Manning	✓		
Senator Sam Hofman	✓		
Senator Lawrence Stimatz	✓		
Senator Ethel Harding	✓		
Senator Pete Story	✓		

Exhibit 1
1/25/89
SB 80

SENATE BILL #80 - "AN ACT ELIMINATING THE CATEGORY OF "OTHER SPECIAL REVENUE FUNDS" FROM THE STATE TREASURY FUND STRUCTURE; AND, RECLASSIFYING OTHER SPECIAL REVENUE FUNDS AS STATE OR FEDERAL SPECIAL REVENUE FUNDS."

=====

THE 1987 LEGISLATURE ENACTED SECTION 17-2-111, MCA REQUIRING THE DEPARTMENT OF ADMINISTRATION TO PERFORM A BIENNIAL REVIEW OF ALL STATE AND OTHER SPECIAL REVENUE AND PROPRIETARY ACCOUNTING ENTITIES (A/Es) AND REPORT THE FINDINGS AND RECOMMENDATIONS TO THE LEGISLATIVE FINANCE COMMITTEE. OUR REPORT CONTAINED 9 RECOMMENDATIONS: PASSAGE OF SENATE BILL #80 WILL IMPLEMENT 1 OF THOSE RECOMMENDATIONS [RECOMMENDATION #6 ON P. 14 OF OUR REPORT].

=====

- BECAUSE A/Es CLASSIFIED AS "OTHER SPECIAL REVENUE" CANNOT BE DISTINGUISHED FROM STATE AND FEDERAL A/Es BY THEIR SBAS NUMBER, THE GENERAL APPROPRIATIONS ACT DOES NOT RECOGNIZE THEIR EXISTENCE. THIS RESULTS IN A GENERAL APPROPRIATIONS ACT THAT IS TECHNICALLY INCORRECT, CONFUSING AND MISLEADING TO ANYONE ATTEMPTING TO COMPARE THE STATE'S FINANCIAL STATEMENTS TO THE APPROPRIATIONS BILL.

- THE BUDGET AMENDMENT LAW, SECTION 17-7-402, MCA, ALSO APPEARS NOT TO RECOGNIZE THE EXISTENCE OF THE "OTHER SPECIAL REVENUE" A/Es. THE LAW REQUIRES THAT NO BUDGET AMENDMENT BE APPROVED FOR THE EXPENDITURE OF MONEY IN THE STATE SPECIAL REVENUE FUND UNLESS AN EMERGENCY JUSTIFIES SUCH EXPENDITURE. AMENDMENTS IN FEDERAL SPECIAL REVENUE A/Es CAN BE APPROVED TO SPEND FUNDS WHICH WERE NOT AVAILABLE FOR LEGISLATIVE CONSIDERATION. WHEN APPLYING THIS LAW TO "OTHER SPECIAL REVENUE" A/Es, SOME HAVE BEEN REQUIRED TO DEMONSTRATE THAT AN EMERGENCY EXISTS WHEREAS OTHERS HAVE BEEN ALLOWED BUDGET AMENDMENTS TO SPEND UNANTICIPATED REVENUES.

Teresa Timm

1/25/89

Teresa Timm, CPA, Accounting Systems Manager
Accounting Principles/Financial Reporting Section
Accounting Division - Department of Administration

NAME: Teresa Timm DATE: 11/25/89

ADDRESS: Rm. 255 Mitchell Bldg.

PHONE: 4469

REPRESENTING WHOM? Dept. of Administration

APPEARING ON WHICH PROPOSAL: SB's 78 & 80

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☐

COMMENT: see exhibit #1 SB 80
exhibits #2 & 3 SB 78

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

1/25/89

SB 80

TESTIMONY OPPOSING SENATE BILL 80
STATE AUDITOR'S OFFICE
January 25, 1989

I. General Information about the Insurance Regulatory Trust Account and the Securities Regulatory Trust Account

Until 1985, insurance and securities regulatory fees were deposited in the general fund. In 1985, the Legislature created the insurance regulatory trust account and the securities regulatory trust account. Since 1985, regulatory fees collected by the Montana Insurance Department have been deposited in the insurance regulatory trust account and regulatory fees collected by the Montana Securities Department have been deposited in the securities regulatory trust account.

II. Reasons the State Auditor Opposes Senate Bill 80

The State Auditor maintains that the purpose of a regulatory fee is to pay for the regulation of the industry that pays it. Depositing regulatory fees in a separate account increases the likelihood that the deposited regulatory fees are used to pay for the intended regulation. Passing Senate Bill 80 and eliminating the insurance and securities regulatory trust accounts would decrease the likelihood that insurance and securities regulatory fees are spent to regulate the insurance and securities industries. Passing Senate Bill 80 would defeat the purpose of insurance and securities regulatory fees.

(This sheet to be used by those testifying on a bill.)

NAME: Kathy Irigoien DATE: 1/25/89

ADDRESS: State Auditor's Office
P.O. Box 4009

PHONE: 444-2040

REPRESENTING WHOM? State Auditor

APPEARING ON WHICH PROPOSAL: SB 78 SB 80

DO YOU: SUPPORT? ☒ AMEND? ☐ OPPOSE? ☒

COMMENT: see exhibit #2 SB 80
exhibit #4 SB 78

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

Amendments to Senate Bill No. 78
First Reading Copy

Requested by Senator Pat Regan
For the House Committee on Appropriations

January 19, 1989

1. Title, line 5.

Following: "ELIMINATING"

Insert: "CERTAIN"

2. Title, line 9.

Strike: "19-11-513, 19-11-514,"

3. Title, line 12.

Strike: "19-12-302,"

4. Page 3, line 11 through page 4, line 4.

Strike: sections 3 and 4 in their entirety

Renumber: subsequent sections

5. Page 19, line 13.

Strike: "19-12-302,"

LEGISLATIVE FINANCE COMMITTEE

The following is a list of accounting entities whose fund balances will be transferred to the general fund on June 30, 1989 in accordance with Section 17-2-111, MCA. The committee recommends that these accounting entities be de-earmarked and reclassified as general fund.

<u>A/E</u>	<u>Account Title</u>	<u>Agency Number</u>	<u>Agency</u>	<u>FY88 Fund Balance</u>
02093	Westlaw	2110	Judiciary	\$ 5,667
02464*	Ag Lien Filing Fees	3201	Secretary of State	162,893
02047	Copying Fees	3202	Comm. of Political Pract.	519
02044*	Securities Regulatory Acct.	3401	State Auditor's Office	244,836
02060*	Insurance Regulatory Acct.	3401	State Auditor's Office	240,108
02401*	Police/Fire Retirement Fund	3401	State Auditor's Office	103,790
02119	Crime Control Fees	4107	Board of Crime Control	37
02013	Law Enforcement Academy	4110	Department of Justice	16,719
02014	Justice Insurance Clearing Acct.	4110	Department of Justice	-0-
02804	Escheated Estates	4110	Department of Justice	-0-
03141	I.D. Special Services	4110	Department of Justice	7,324
03944	Motor Veh. Prop. Tax Conversion	4110	Department of Justice	14,420
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02059	EMT Certification	5301	Department of Health	(711)
02418*	Subdivision Plat Review	5301	Department of Health	51,289
02847	Insurance Proceeds	5301	Department of Health	56,941
03028	Legal Services	5301	Department of Health	3,361
03817	Rabies Vaccine	5301	Department of Health	6,162
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02438	Floodway Obstruction Removal	5706	Dept. of Natural Resources	400
03036	Centralized Services	5706	Dept. of Natural Resources	5,344
02441*	Cigarette Enforcement	5801	Department of Revenue	6,277
03902	Vehicle Assessment	5801	Department of Revenue	4,059
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02846	MDC Canteen	6402	MT Developmental Center	-0-
02914	OFA-Canteen	6404	Center for the Aged	11,844
02917	MSP Canteen	6409	Montana State Prison	51,655
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03932	Vet's Home Interest & Income	6411	Montana Veterans' Home	218
02921	MHS-Canteen	6412	Montana State Hospital	59,247
03933	MSH-Interest & Income	6412	Montana State Hospital	-0-
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02079	Fireworks Wholesalers	6501	Department of Commerce	520
02101	GA Training	6602	Dept. of Labor & Industry	-0-
02915	MUS-Canteen	6911	Dept. of Family Services	737
02916	PHS-Canteen	6911	Dept. of Family Services	3,336
03931	PHS-Interest & Income	6911	Dept. of Family Services	63,967
Total				<u>\$1,360,590-</u>

*6 A/E's are statutorily established, although fund balances are unrestricted. Legislation has been introduced to remove earmarking requirements.

SENATE BILL #78 - "AN ACT ELIMINATING STATE SPECIAL REVENUE FUND ACCOUNTS THAT PERIODICALLY TRANSFER THEIR UNOBLIGATED BALANCES TO THE GENERAL FUND; REQUIRING MONEY IN THOSE ACCOUNTS TO BE DEPOSITED IN THE GENERAL FUND."

=====

THE LEGISLATURE'S CONCERN ABOUT THE PROLIFERATION OF SEPARATE ACCOUNTS CREATED FOR EARMARKED REVENUES IS WELL-DOCUMENTED IN MONTANA HISTORY. SINCE 1923, AT LEAST 7 REPORTS HAVE BEEN PRESENTED TO THE LEGISLATURE ON THIS PROBLEM.

THE LATEST REPORT, DATED JUNE 1988, WAS PREPARED BY THE DEPARTMENT OF ADMINISTRATION'S ACCOUNTING DIVISION AS REQUIRED BY SECTION 17-2-111, MCA WHICH WAS ENACTED BY THE 1987 LEGISLATURE. WE MUST PERFORM A BIENNIAL REVIEW OF ALL STATE AND OTHER SPECIAL REVENUE AND PROPRIETARY ACCOUNTING ENTITIES (A/Es) AND REPORT THE FINDINGS AND RECOMMENDATIONS TO THE LEGISLATIVE FINANCE COMMITTEE. THIS STATUTE HAD TWO OBJECTIVES:

1. TO REQUIRE TRANSFERS OF UNOBLIGATED BALANCES IN SPECIAL REVENUE ACCOUNTS WHERE POSSIBLE THROUGH ADMINISTRATIVE ACTION; AND
2. TO DETERMINE IF AN ACCOUNT SHOULD CONTINUE TO EXIST, BE MODIFIED OR BE ELIMINATED USING STATUTORILY ESTABLISHED OBJECTIVE CRITERIA.

OUR REPORT CONTAINED 9 RECOMMENDATIONS: PASSAGE OF SENATE BILL #78 WOULD PARTIALLY IMPLEMENT 1 OF THOSE RECOMMENDATIONS BY REQUIRING THAT MONEYS IN 5 A/Es BE DEPOSITED (I.E., BUDGETED/RECORDED) IN THE GENERAL FUND, THUS ELIMINATING THOSE 5 SEPARATE A/Es.

THE STATE AUDITOR, SECRETARY OF STATE AND DEPARTMENT OF REVENUE, AS ADMINISTERING AGENCIES OF THESE 5 A/Es, ARE ALREADY REQUIRED TO TRANSFER REMAINING CASH BALANCES TO THE GENERAL FUND UNDER CURRENT STATUTES; HOWEVER, ONLY THE DEPARTMENT OF REVENUE COMPLIED WITH THOSE STATUTORY REQUIREMENTS DURING THE PERIOD COVERED BY OUR REPORT.

WE ALSO RECOMMENDED THAT 35 SIMILAR A/Es, WHICH DO NOT REQUIRE STATUTORY CHANGES, BE DE-EARMARKED AND RECLASSIFIED AS GENERAL FUND.

Teresa Timm 1/25/89
Teresa Timm, CPA, Accounting Systems Manager
Accounting Principles/Financial Reporting Section
Accounting Division - Department of Administration

TESTIMONY OPPOSING SENATE BILL 78
STATE AUDITOR'S OFFICE
January 25, 1989

SENATE FINANCE AND CLAIMS

EXHIBIT NO. 4

DATE 1-25-89

BILL NO. SB 78

I. General Information about the Insurance Regulatory Trust Account and the Securities Regulatory Trust Account

Until 1985, insurance and securities regulatory fees were deposited in the general fund. In 1985, the Legislature created the insurance regulatory trust account and the securities regulatory trust account.

Regulatory fees collected by the Montana Insurance Department are deposited in the insurance regulatory trust account. Last year, the Montana Insurance Department collected approximately \$1.3 million in regulatory fees. Of the \$1.3 million in regulatory fees collected, the Montana Insurance Department was appropriated \$839,000. At fiscal year end, approximately \$460,000 reverted automatically to the general fund.

Regulatory fees collected by the Montana Securities Department are deposited in the securities regulatory trust account. Last year, the Montana Securities Department collected approximately \$2.2 million in regulatory fees. The Legislature appropriated to the Montana Securities Department approximately \$268,000, about one-eighth of the regulatory fees collected. More than \$1.9 million, which remained in the securities regulatory trust account at fiscal year end, reverted to the general fund.

II. Reasons the State Auditor Opposes Senate Bill 78

The State Auditor maintains that the purpose of a regulatory fee is to pay for the regulation of the industry that pays it. The State Auditor opposes Senate Bill 78 because its passage would (1) require the Montana Insurance Department and the Montana Securities Department to pay for funds from the general fund regardless of the regulatory fees they collect; and (2) give the Legislature no incentive to discontinue underfunding the Montana Insurance Department or the Montana Securities Department and overcharging the insurance and securities industries.

III. Reasons the State Auditor Supports House Bill 306

Passage of House Bill 306 would eliminate the automatic transfer to the general fund of cash balances remaining in the securities regulatory trust account after fiscal year expenditures are met. The State Auditor supports House Bill 306 because its passage would remove the Legislature's incentive for underfunding the Montana Insurance and Securities Departments and overcharging the insurance and securities industries. If cash balances in the insurance and securities regulatory trust accounts were to accumulate rather than revert automatically to the general fund at fiscal year end, the general fund would no longer benefit from inadequately funding the Montana Insurance and Securities Departments and overcharging the insurance and securities industries.

National Association



of Independent Insurers

2600 RIVER ROAD, DES PLAINES, ILLINOIS 60018-3286

312/297-7800

SENATE FINANCE AND CLAIMS
EXHIBIT NO. 5
DATE 1-25-88
BILL NO. SB 78

Patrick J. McNally
ASSISTANT VICE PRESIDENT &
ASSISTANT GENERAL COUNSEL

January 20, 1988

RECEIVED
STATE AUDITORS OFFICE
JAN 25 3 54 PM '88
HELENA, MONT.

The Honorable Andrea Bennett
Commissioner
Montana Insurance Department
Mitchell Building
P.O. Box 4009
Helena, Montana 59604

Dear Commissioner Bennett:

As indicated in previous correspondence and our November 30, 1987 letter on the data base fee issue, NAII is committed to a strong, viable system of state insurance regulation.

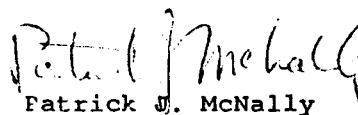
This support in the past has included public calls for adequate funding of state insurance departments.

As more recent evidence of this commitment, John B. Crosby, NAII Senior Vice President and General Counsel, renewed the call for increased insurance department funding at a news briefing during the Phoenix NAIC Meeting. In the event, you were not aware of the NAII news conference and ensuing media coverage, I take the liberty of enclosing a copy of the press release.

In addition, we have instructed our local legislative counsel in the various states to consider adequate funding a priority matter as part of the NAII legislative and regulatory agenda for 1988.

Hopefully our support in your efforts for increased departmental funding will lead to success this year.

Very truly yours,


Patrick J. McNally

PJM:car
Enclosure

cc: Lowell R. Beck
David J. Brummond
John B. Crosby
John J. Nangle



Ex. #5

1/25/87

National Association of Independent Insurers

2600 RIVER ROAD, DES PLAINES, IL 60018-3286 • PUBLIC RELATIONS DIVISION • (312) 297-7800

FOR RELEASE MONDAY, DECEMBER 7, 1987

PHOENIX, Ariz., Dec. 7 -- The property-casualty insurance industry's recovery hasn't helped only insurers. It has also showered increased tax revenues on the states, which should earmark more of that money for better regulation, according to the National Association of Independent Insurers.

"This year, the states will collect \$4.3 billion from taxes on insurance operations," said NAII Senior Vice President and General Counsel John B. Crosby. "That's \$410,000,000 more than they collected last year. But state insurance departments aren't getting their fair share of the gravy in these richer state budgets."

Crosby spoke at a news briefing held by the NAII during the annual meeting of the National Association of Insurance Commissioners.

He said the NAII estimated the industry's direct premium volume this year at \$192 billion. At an average premium tax of 2.25 per cent, the states will collect \$4.3 billion. Last year, when the industry's volume reached \$186 billion and the tax rate was 2.1 per cent nation-wide, the states received \$3.9 billion in taxes.

- more -

1/25/89

"The states have done well in regulating insurance," Crosby said, "but the sad truth is too many of them are trying to live off their past accomplishments. Insurance in the 80s is too large, complex and technically demanding to be regulated with funding levels that were set in the 1950s or 60s."

Some departments are falling behind technological advance, he said, and without additional funding to buy computers and staff to operate them, the regulators will be overwhelmed and the citizens of those states will lose the benefits of local regulation.

"As this recovery slows and we head into the downside, companies will be exercising special caution in view of the fact that they've just been through the worst, most erratic cycle in history," Crosby added. "Surely that same special attention is needed from regulators to guarantee solvency and stability in the dicey period ahead. And we shouldn't forget that some people in Congress are trying to supplant state regulation. So there are extra-heavy demands on the commissioners now, and we can't expect them to do a first-class job when they are funded like second-class citizens."

#

(This sheet to be used by those testifying on a bill.)

SB 78

NAME: Lyle Nagel DATE: 1-21-89

ADDRESS: Box 93 Simms MT. 59477

PHONE: 264 5850

REPRESENTING WHOM? Mont. St. Vol. Firefighters Assn Inc.

APPEARING ON WHICH PROPOSAL: SB 78

DO YOU: SUPPORT? _____ AMEND? ☒ OPPOSE? _____

COMMENT: Our assn. would like to be put on record as
supporting an amendment to ~~rep~~ line 12 page 1
Removing 19-12-302. 19-12-302 supplies ~~the~~ part of the
income for the medical benefits & pension for Rural
Vol. Firefighters.

PLEASE LEAVE ANY PREPARED STATEMENTS WITH THE COMMITTEE SECRETARY.

1-25-89

Finance + Claims

BILL NO.

SB 80

VISITOR'S REGISTER

[illegible]

(Please leave prepared statement with Secretary)

DATE _____

1-25 89

COMMITTEE ON

Finance & Claims

BILL NO.

SB 78

VISITOR'S REGISTER

NAME	REPRESENTING	Check One	
		Support	Oppose
Kathy Fabiano Doug MITCHELL	OPT SECRETARY OF STATE	X	X
LARRY ARRY	ASSOC OF LIFE UNDERWRITERS		X
Kathy Trigorn	State Auditor's Office		X
ROGER McGLENN	INDEPENDENT INSURANCE AGENTS ASSOC. OF MT		X
Jacqueline Merrill	American Ins. Assoc.		X
GENE PHILLIPS	NAT'L ASSOC. OF IND. INS/ERS		X
PATRICK DRISCOLL	AMERICAN COUNCIL OF LIFE INS HEALTH INSURANCE ASSOC. CA AM.		XX
Tom Bonnie Dwyer John W. Dwyer	Alliance of America Insurers CIVILIANS INSURANCE		X
Lyle Nagel	Mt. St. Vol. Fire Fighters Assn	Support	
Henry L Lohr	MT St Vol Firefighters Assn.	Support	
W. Erickson	MT State Firemen's Assn	Amendment Support	

(Please leave prepared statement with Secretary)

MINUTES

MONTANA SENATE
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON FINANCE AND CLAIMS

Call to Order: By CHAIRMAN PETE STORY, on WEDNESDAY,
FEBRUARY 1, 1989, at 5:00 P.M.

ROLL CALL

Members Present:

SENATOR GARY AKLESTAD	SENATOR LOREN JENKINS
SENATOR ESTHER BENGTON	SENATOR MATT HIMSL
SENATOR PAUL BOYLAN	SENATOR TOM KEATING
SENATOR JUDY JACOBSON	SENATOR H.W. "SWEDE" HAMMOND
SENATOR PAT REGAN	SENATOR FRED VAN VALKENBURG
SENATOR DENNIS NATHE	SENATOR GREG JERGSON
SENATOR GERRY DEVLIN	SENATOR RICHARD MANNING
SENATOR SAM HOFMAN	SENATOR LAWRENCE STIMATZ
SENATOR ETHEL HARDING	SENATOR PETE STORY
SENATOR TVEIT	

Members Excused: NONE

Members Absent: NONE

Staff Present: CURT NICHOLS, LFA; JAELENE JOHNSON,
SECRETARY

Announcements/Discussion: Executive Action on SB 80 and SB
78.

DISPOSITION OF SB 80

Matt Himsl moved to do pass SB 80. The question was called.
The motion passed unanimously.

DISPOSITION OF SB 78

Senator Van Valkenburg asked about the trust accounts. He
said the State Auditor's Office was concerned if they loose
their trust account there would be no reason for collecting
regulatory fees for the securities and the insurance
industry.

Senator Regan replied that by passing this bill the funds
will still revert to the general fund. She pointed out that
there was no sense in earmarking the funds. She said the

SENATE COMMITTEE ON FINANCE AND CLAIMS

FEBRUARY 1, 1989

Page 2

agency may collect more than they spend in regulation. In comparing other agencies there are many fees collected and deposited in an account that have no relation to the program.

Senator Regan moved that SB 78 be amended to exclude the Firemans Account (See Exhibit).

The question was called. The motion passed.

Senator Van Valkenburg voiced concerns regarding the two units- the securities and the insurance division. He said the federal government gave the regulation of the insurance industry to the states many years ago and he noted that the feds wanted to take it out of the hands of the states. He pointed out that neglecting to have regulated the securities and the insurance industry would make the state liable.

Senator Devlin asked if the funds would revert before any monies were spent out of them by the Auditors Office. Senator Regan said that the agency collect the fees and they go into the general fund where they are easily tracked by SBAS. The Auditor will know exactly how much they have collected and they will not let you forget that and they then have to justify their budget like anyone else.

Senator Keating asked about the list with the firemans fund did the LFC recommend that all of them be de-earmarked. Senator Regan said that only the ones that had asterisks by them were statutorily marked that way, the rest of them would revert anyhow and this was an agreement with the Department of Administration.

The Question was called on the motion. The motion passed on a roll call vote with 10 yes, and 9 no.

ADJOURNMENT

Adjournment At: 5:30 P.M.



PETE STORY, Chairman

PS/DT

FCS012

DAILY ROLL CALL

FINANCE AND CLAIMS

COMMITTEE - 1989

DATE 2-1-89

NAME	PRESENT	ABSENT	EXCUSED
Senator Gary Aklestad			
Senator Loren Jenkins			
Senator Esther Bengtson			
Senator Matt Himsel			
Senator Paul Boylan			
Senator Tom Keating			
Senator Judy Jacobson			
Senator H.W. "Swede" Hammond			
Senator Pat Regan			
Senator Larry Tveit			
Senator Fred Van Valkenburg			
Senator Dennis Nathe			
Senator Greg Jergeson			
Senator Gerry Devlin			
Senator Richard Manning			
Senator Sam Hofman			
Senator Lawrence Stimatz			
Senator Ethel Harding			
Senator Pete Story			

NO. 1DATE 2-1-89BILL NO. SB 78

Amendments to Senate Bill No. 78
First Reading Copy

Requested by Senator Pat Regan
For the House Committee on Appropriations

January 19, 1989

1. Title, line 5.

Following: "ELIMINATING"

Insert: "CERTAIN"

2. Title, line 9.

Strike: "19-11-513, 19-11-514,"

3. Title, line 12.

Strike: "19-12-302,"

4. Page 3, line 11 through page 4, line 4.

Strike: sections 3 and 4 in their entirety

Renumber: subsequent sections

5. Page 19, line 13.

Strike: "19-12-302,"

Finance & Claims
AGRICULTURE
COMMITTEE

BILL #: 56 78
SPONSOR: Beagan

DATE: 2/1
HEARING #: 2

AMENDMENTS VOTE

DATE HEARD	DO PASS	DO NOT PASS	DO PASS AS AMENDED	DO NOT PASS AMENDED	ASSIGN TO
---------------	---------	-------------	-----------------------	------------------------	--------------

_____					_____
MOVED <u>Beagan</u>					<u>Take firemans fund</u>
SECONDED _____					
MOVED _____					
SECONDED _____					
MOVED _____					
SECONDED _____					

VOTING ON THE BILL

DATE HEARD	DO PASS	DO NOT PASS	DO PASS AS AMENDED	DO NOT PASS AMENDED	ASSIGN TO
---------------	---------	-------------	-----------------------	------------------------	--------------

_____					_____
MOVED <u>Beagan</u>					
SECONDED _____					

10 yes 9 no

DATE 2-1-89

LEGISLATIVE FINANCE COMMITTEE

BILL NO. SB80

The following is a list of accounting entities whose fund balances will be transferred to the general fund on June 30, 1989 in accordance with Section 17-2-111, MCA. The committee recommends that these accounting entities be de-earmarked and reclassified as general fund.

<u>A/E</u>	<u>Account Title</u>	<u>Agency Number</u>	<u>Agency</u>	<u>FY88 Fund Balance</u>
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Total				<u>\$1,360,540</u>

*6 A/E's are statutorily established, although fund balances are unrestricted. Legislation has been introduced to remove earmarking requirements.

CLSS:kj:ae

F. NAME: Chims
~~AGRICULTURE~~
COMMITTEE

BILL #: SB 80
SPONSOR: Hinsel

DATE: 2/1

HEARING #: _____

* * * * *

AMENDMENTS VOTE

DATE HEARD	DO PASS	DO NOT PASS	DO PASS AS AMENDED	DO NOT PASS AMENDED	ASSIGN TO
_____	<u>No Amendments</u>				_____

MOVED _____

SECONDED _____

MOVED _____

SECONDED _____

MOVED _____

SECONDED _____

* * * * *

VOTING ON THE BILL

DATE HEARD	DO PASS	DO NOT PASS	DO PASS AS AMENDED	DO NOT PASS AMENDED	ASSIGN TO
<u>2/1</u>	<u>(X)</u>				_____

MOVED Hinsel

SECONDED _____

ROLL CALL VOTE

FINANCE AND CLAIMS

COMMITTEE

DATE 2-1-89

BILL NO. 78

NUMBER 1

NAME	AYE	NAY
Senator Gary Aklestad		✓
Senator Loren Jenkins	✓	
Senator Esther Bengtson		✓
Senator Matt Hims1	✓	
Senator Paul Boylan		✓
Senator Tom Keating		✓
Senator Judy Jacobson	✓	
Senator H.W. "Swede" Hammond	✓	
Senator Pat Regan	✓	
Senator Larry Tveit		✓
Senator Fred Van Valkenburg	✓	
Senator Dennis Nathe	✓	
Senator Greg Jergeson	✓	
Senator Gerry Devlin		✓
Senator Richard Manning	✓	
Senator Sam Hofman		✓
Senator Lawrence Stimatz		✓
Senator Ethel Harding		✓
Senator Pete Story	✓	

TALLY

Debbie Thompson - 319
Secretary

Pete Story
Chairman

Motion: Do Pass AS Amended

MINUTES

MONTANA HOUSE OF REPRESENTATIVES
51st LEGISLATURE - REGULAR SESSION

COMMITTEE ON APPROPRIATIONS

Call to Order: By Rep. Bardanouve, on March 13, 1989, at 8:00
a.m.

ROLL CALL

Members Present: All

Members Excused: None

Members Absent: None

Staff Present: Judy Rippingale, LFA

Announcements/Discussion: None

HEARING ON HOUSE BILL 433

"AN ACT CREATING A STATE HISTORIC SITES SYSTEM IMPROVEMENT
COMMISSION; APPROPRIATING FUNDS FOR THE COMMISSION'S USE; AND
PROVIDING AN IMMEDIATE EFFECTIVE DATE AND A TERMINATION DATE."

Presentation and Opening Statement by Sponsor:

Representative Bachini, House District 14, stated the purpose of
the Bill is to conduct a comprehensive study of Montana
state owned Historical sites monument and parks system.

Testifying Proponents and Who They Represent:

Bob Clark, Interim Director at the Montana Historical Society.
Gloria Hermanson, Montana Cultural Advocacy

Proponent Testimony:

Mr. Clark stated the basic point of the Bill is to help them get
a plan developed for the future historical sites. He
referred to the fiscal note and explained the funding.

Ms. Hermanson gave testimony as per exhibit 1.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members:

Representative Bardanoue stated they have the appropriation but no source of appropriation. Mr. Clark stated the Bill would need to be amended to show that it would have to be approximately \$20,000 and they would provide as a source a portion of their share of the accommodations tax, the bed tax.

Representative Swysgood asked how much money do they get from the accommodation tax and what is that percentage? Mr. Clark stated they get 1% of the 4% and it nets about \$47,000 a year.

Representative Cody asked Mr. Clark to explain how they are going to fund it? Mr. Clark stated they are willing to fund this from a portion of the accommodations tax which comes to the historical society for use with historical sites and signage. They can manage to fund this commission from that source as well as carrying out the other things they have to do with the bed tax which involves capitol tours and a signage program for the places that are on the National Register.

Representative Spaeth stated they do have the authority to spend the bed tax now and Mr. Clark stated yes. Rep. Spaeth then stated they would not be giving them something they don't already have so do they have the power to do what the commission is set up to do? Mr. Clark stated they have the power as an agency to do a study, their feeling is there are three agencies that are involved in historical sites; the commerce in its tourism department, the fish, wildlife and parks in its parks department, and the historical society. They are hoping to have a study that would have a broader input and therefore more credibility than just an agency plan on its own, to try to get cooperation among the three agencies, and get legislative input into it. Rep. Spaeth stated he thinks this could be done without the expense and cost of setting up another commission.

Representative Bardanoue asked if they would rather have a more formal type of committee? Mr. Clark stated yes, that is right, and they feel the legislative input, which they can't otherwise command, is very important in this process, not just as legislators but as those who represent the people in a way the agencies do not.

Representative Peck asked Rep. Spaeth in terms of his observation about the composition of the commission, would it be probable that you would save two sets of representatives and a departmental representative? Rep. Spaeth stated they have a 15 member commission but he is wondering if the money could be better spent on the study itself.

Representative Iverson asked how often does the commission meet?

Mr. Clark stated seven times. Rep. Iverson then asked what does he estimate the cost per meeting? Mr. Clark stated he would have to work back through the fiscal note but believes about \$3,000. Rep. Iverson stated about one half of the budget is spent on meetings. Mr. Clark stated that the cost per meeting would be a little less as there is money in there for a consultant and office expenses.

Closing by Sponsor:

Representative Bachini asked the committee to look favorably on this Bill and he believes there will not be a need for an amendment for this to allow the Historical Society to use the funds that were spoken of. He stated he would amend the Bill if necessary. He believes they should do something with the historical sites Montana owns.

HEARING ON SENATE BILL 116

"AN ACT RELATING TO THE STATE BUDGET PROCESS AND THE CONSTITUTIONAL SEPARATION OF POWERS AMONG THE SEPARATE BRANCHES OF STATE GOVERNMENT; PROVIDING THAT JUDICIAL BRANCH BUDGET REQUESTS BE SUBMITTED TO THE LEGISLATURE WITHOUT CHANGES BY THE GOVERNOR; AND AMENDING SECTION 17-7-122, MCA."

Presentation and Opening Statement by Sponsor:

Senator Norman, District 28, stated this Bill relates to the Supreme Court and is a straight forward proposition to the balance of powers. It should neither add nor subtract to the budget but it does address appropriations. Currently the problem is the practice that the Supreme Court submits its budget to the Governor and the Governor may amend the Supreme Court budget, theoretically with consultation. The budget was about \$1.3 million last time and about \$200,000 for Boards and other administrative costs and then there is the \$2.2 million for district courts. He believes there were no supplementals last time and what this Bill would do is direct the Supreme Court to submit their budget just like the legislative budget to the fiscal analyst and then the fiscal analyst could present the Supreme Court budget before the Appropriations and Finance and Claims Committees.

Testifying Proponents and Who They Represent:

Jim Oppedahl, Administrator for the Supreme Court

Proponent Testimony:

Mr. Oppedahl stated there was a Bill earlier in the session where someone was testifying where they described it as just a little Bill with enormous consequences for the state and he describes this as just a little Bill with almost no consequences for the state. He stated it would improve the budgeting process that they go through and this would allow

the Court to clearly present its priorities to the legislature and would allow the legislature to clearly understand the court's proposed budget and it will recognize the court's position as a separate branch of government with equal status in the budgeting process as the legislature has. The current practice is to submit the budget through the governor's office and then it goes to the LFA. They would continue to do that, submitting the budget proposal through the governor's office, going down to the LFA, except this would allow, as with the legislative budget, the Governor's option to make any changes in that. The bottom line is they won't get a penny more in the appropriation process than the legislature cares to give.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members:

Representative Marks asked Mr. Oppedahl if he is suggesting the district courts be included in this or is it strictly Supreme Court? Mr. Oppedahl stated they currently have in the budget they propose at the beginning of each session, five different programs. That is the Supreme Courts, about \$1.3 million dollars, the water courts, the law library and Boards of Commissions along with district courts. What they have in terms of district court budget is the budget for the pay, travel and educational expenses of the district court judges.

Representative Marks stated it is his understanding that in the area of district courts there is always some flexibility in how those district courts are funded and wondered if that would be of interest to the budget office. Mr. Oppedahl stated what they did this time with a couple proposals that were beyond the current level services was to put those in a separate Bill so that the legislature could consider those separately. House Bill 320 which has some improvement funding in it for pilot projects was something they felt was not appropriate for the budget they were submitting to the legislature in terms of their current operating budget.

Representative Bardanouve asked Mr. Oppedahl about in the past when the budgets were submitted through the budget office how did they fare before they saw them? Mr. Oppedahl stated in the last couple bienniums they were reduced slightly and this budget they were reduced slightly overall. The issue they have is the kinds of changes that are made in the process when it goes through the Governor's office reflect the Governor's priorities within that budget. He believes

that the legislature ought to see the Courts' priorities and they ought to come down to where the reduction is made. It is appropriate that the legislature make that reduction. Rep. Bardanouve asked if the budgets for the Attorney General, Secretary of State and the OPI went through the budget office and are they subject to change? Mr. Oppedahl stated yes they do and are not separate branches of government.

Representative Thoft stated if the budget goes through the budget office he does not see why the Bill is so important. Mr. Oppedahl stated they have an opportunity to come back into the subcommittee and present their budget again. They get three different sets of numbers coming through the process, their proposal and the difference between that and the LFA.

Closing by Sponsor:

Senator Norman closed.

HEARING ON HOUSE BILL 614

"AN ACT ESTABLISHING A PROGRAM TO PROVIDE SPECIALIZED TELECOMMUNICATIONS EQUIPMENT AND SERVICES TO THE HANDICAPPED; PROVIDING FOR A STATEWIDE DUAL-PARTY RELAY SYSTEM TO CONNECT PERSONS WHO ARE HANDICAPPED WITH ALL PHASES OF PUBLIC TELECOMMUNICATIONS SERVICE; REQUIRING THE DEPARTMENT OF SOCIAL AND REHABILITATION SERVICES TO ADMINISTER THE PROGRAM; ESTABLISHING A COMMITTEE THAT INCLUDES MEMBERS OF GOVERNMENT, BUSINESS, REGULATED TELECOMMUNICATIONS SERVICES, AND THE HANDICAPPED TO OVERSEE ADMINISTRATION OF THE PROGRAM; AUTHORIZING A 10-CENT MONTHLY CHARGE ON TELEPHONE CUSTOMERS TO FINANCE THE PROGRAM; PROVIDING A STATUTORY APPROPRIATION; AMENDING SECTION 17-7-502, MCA; AND PROVIDING AN EFFECTIVE DATE."

Presentation and Opening Statement by Sponsor:

Representative Wyatt, House District 37, passed out Exhibits 1 and 2 and explained House Bill 614 establishes a program to provide specialized communication equipment and services to the deaf, the hard of hearing, and speech impaired people in Montana. This Bill provides for the purchase of this equipment and for the Department of SRS to distribute telecommunication devices and other equipment similar to that to those who require this on a loan basis. The Bill also establishes and funds a third party, a two-party relay system, to connect persons who are so handicapped to hearing persons in public telecommunication services. House Bill 614 was passed as amended on the second reading. The third reading copy assesses a 10-cent per month on the telephone to all customers in the state of Montana to make the program self-supporting. The fiscal note attached indicates that this assessment would raise \$92,000 in FY 1990 and \$416,000 in FY 1991. With the amendment to House Bill 614 the

revenue for fiscal year 1990 should be modified to include collections for three quarters of that fiscal year to \$312,000. The \$416,000 for fiscal year 1991 is correct. (See Exhibit 2 for breakdown of estimated collections for varying monthly charges as may be assessed under Section 12).

Testifying Proponents and Who They Represent:

Representative Grady

Robert LeMieux, Member of the Governor's Committee on Employment for People with Disabilities, Great Falls

Ben Havdahl, registered lobbyist

Proponent Testimony:

Mr. LeMieux's testimony was read from Exhibit 3

Mr. Havdahl was elected last June to the National Board of Trustees for Self-Help and Hard of Hearing People in Bethesda, Maryland. Mr. Havdahl has a severe hearing impairment and testified regarding his need for telecommunication typewriters with a telephone as an essential tool for him. He uses amplification of all kinds with telephone conversations and feels TDD will benefit the hard of hearing and deaf people in Montana.

Testifying Opponents and Who They Represent:

Representative Kasten, District 28

Opponent Testimony:

Representative Kasten stated this is very much like 911 that was instituted not long ago in which the rural telephone users cannot and do not want to participate and yet supply money in order for this program to go forth. Midriver's territory covers 25 thousand square miles in Eastern Montana, one of the largest local coops as far as area goes. There are only 5500 users and does not know what Rep. Wyatt means when she stated MCI and AT&T will participate in this program because the local loop, local access, will be charged the 10 cents. People will pay this and just as in 911 you are asking the subscribers of Midriver's Telephone to put in \$6,000 to \$7,000 into a state program that they will not use. In 911 it was \$16,000, so the rural people will be putting \$21,000 into these programs. In the Midriver's territory there were 19 requests for hearing amplifiers, none for any other type of service for disabled people. The hearing amplifiers cost \$15.03 and Midriver's gives this equipment at cost to whoever needs it. It is not an excessive amount to pay for that type of thing. Rep. Bardanouve asked why they cannot use it and Rep. Kasten stated 911 cannot be used. Rep. Bardanouve asked if the people in the area use this assistance and Rep. Kasten stated yes but there has not been

any requests in over two years and is supplied at this time at cost and the telephone company would work with any request for any auxiliary equipment that would be needed by anyone in the area. Rep. Menahan asked if any of these coops receive any benefits from the government? Rep. Kasten stated they do and the low interest loans are the REA loans that are given in order to supply telephone service to the rural people and what happens there is such a low density of population that they have to go four or five miles to supply a telephone. Rep. Grady stated he represents a Board for a telephone company that serves a lot of rural areas and they didn't have the equipment for 911 but they are attempting to put it in and a lot more than just 911 and stated the \$15.00 amplifiers she is talking about is different than this program.

Representative Quilici asked Rep. Kasten about her statement concerning no requests for this assistance in over two years and is there an advertising program so the rate payers would know this service is available? Rep. Kasten stated they have a monthly publication for 911 and in there is information. Rep. Quilici asked if there has been some specific incidents with 911 and Rep. Kasten stated they have carried a story concerning a case in their area.

Representative Quilici asked Rep. Wyatt how would she let these hearing impaired know that this service would be available? Rep. Wyatt stated that is one of the situations in terms of SRS, since they already know the population that would need this kind of service and that is why they involved SRS so they would be directly contacting those people who have the handicaps that would need this kind of service. Rep. Wyatt stated she disagrees with Rep. Kasten and Don Steppler testified on the floor that his brother is severely deaf and he was not able to access that kind of service in their particular area. Part of it is ignorance and they can't tell them how many people are going to need this service because they don't know they can get this service.

Tape 1, Side B, 000

Questions From Committee Members:

Representative Kimberley stated he knew the equipment is available on an individual basis and wondered how expensive it was. Rep. Wyatt stated it depends on what the individual person needs but the total cost will be roughly about \$175,000 to \$250,000. Some are more expensive.

Representative Quilici asked about private organizations operating relay systems and how that would be coordinated? Rep. Wyatt answered she is leaving that up to SRS and to the committee to ascertain how it will be coordinated. She referred to a letter from Julie Robinson saying that as the

new director of the Social Rehabilitation Services she has taken an opportunity to review 614 and interested in establishing an administrative approach in this Bill which would ensure the program's successful implementation. The program is also one that is very amiable to Governor Stephen's privatization initiative. Rep. Quilici asked about the 10-cents per month charge and wondered if it went on all regulated telecommunications companies, such as U.S. West and what about MCI, Sprint and other non-regulated. Rep. Wyatt stated it goes on all telephones access lines in the state of Montana.

Representative Thoft asked if this equipment could be adapted to any system in the state. Rep. Wyatt stated it could be adapted to all systems.

Representative Spaeth stated it is based on equipment charges and most of the personnel service is provided from a voluntary standpoint. He wondered about once they put state dollars into something voluntary things dry up. If this was to happen in two years would they be looking at an additional assessment going into this program? Rep. Wyatt stated she did not think so and was sure it would not be voluntary but they have arrived at enough money in terms of administration that groups can contract or subcontract for this for a set amount to pay employees.

Closing by Sponsor:

Representative Wyatt closed and thanked the committee for hearing them.

HEARING ON SENATE BILLS 192 AND 193

SB 192 "AN ACT TO CLARIFY THAT AN ENTITY OF THE EXECUTIVE, LEGISLATIVE, OR JUDICIAL BRANCH OF STATE GOVERNMENT SHALL SPEND NONGENERAL FUND MONEY WHENEVER POSSIBLE BEFORE SPENDING GENERAL FUND MONEY; AND AMENDING SECTION 17-2-108, MCA."

SB 192 "AN ACT TO PROVIDE THAT AN ENTITY OF THE EXECUTIVE, LEGISLATIVE, OR JUDICIAL BRANCH OF STATE GOVERNMENT MAY NOT MAKE CHARGES AGAINST ANY APPROPRIATION UNLESS THE BALANCE OF THE APPROPRIATION IS AVAILABLE AND ADEQUATE; AND AMENDING SECTION 17-8-202, MCA."

Presentation and Opening Statement by Sponsor:

Senator Judy Jacobson, District 36, presented the two Bills because they are inter-related. Senate Bill 192 came out of some meetings with some of the members of the legislative auditor's office and also the legislative fiscal analyst office and that is to look at the current law which says that the Department of Administration is responsible for applying expenditures for nongeneral fund money first but as a practical matter the Department of Administration is not in a position to be able to enforce that law as it is

applied against individual agencies so what this Bill is doing is making those individual agencies responsible rather than the Department of Administration. Senate Bill 193 also states that the Department of Administration may not make any charges against an appropriation unless the balance of the appropriation is available and adequate. The Department of Administration has no way to follow that so what SB 193 is doing is again making those individual agencies responsible rather than the Department of Administration.

Testifying Proponents and Who They Represent:

None

Proponent Testimony:

None

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members:

Representative Quilici stated SB 193 stated they may not make any charges against any appropriation unless the balance of the appropriation is available and adequate. He stated they have been doing that a lot and that is one of the reasons they de-earmarked the motor vehicle account because of services put in there and it did not have adequate funding. Sen. Jacobson stated this does not change current law, just changes who is responsible for seeing that those funds are adequate.

Closing by Sponsor:

Senator Jacobson closed and gave the Bills to Representative Cobb who is also on the audit committee to carry.

HEARING ON HOUSE BILL 44

"AN ACT DEFINING TERMS RELATING TO INTERACCOUNT LOANS WITHIN STATE GOVERNMENT; REVISING PROVISIONS CONCERNING INTERACCOUNT LOANS BY THE UNIVERSITY SYSTEM AND VOCATIONAL-TECHNICAL CENTERS; AMENDING SECTION 17-2-107, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Presentation and Opening Statement by Sponsor:

Representative Mercer, House District 50, stated this Bill was

introduced at the request of the legislative finance committee. In connection with that same joint work that Sen. Jacobson was just talking about. It deals with some fairly complicated matters but there will be some proposed amendments which the fiscal analyst has which have been worked out with the University System, the Governor's office, the legislative auditor and the legislative finance. In regular government accounts if a particular accounting entity goes negative then the warrants are supposed to be cancelled and that is something that does not work for the University System, so there is a conflict in the current law. With the amendments that the fiscal analyst will provide, this Bill will state that an accounting entity can be negative but if it does run negative it has to be reported to the legislature, but that the accounting negatives are held within a particular fund.

Judy Rippingale, LFA, stated this has been worked out through the University System now for the interentity loans and there were some problems the University System had trouble complying with in the current law in terms of reporting their loans and they were not doing that and there were some loans that got into a bad debt situation and the University System maintained that bad debt situation for a considerable length of time before it came to light. See Exhibit 1.

Testifying Proponents and Who They Represent:

None

Proponent Testimony:

None

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members:

Representative Bardanouve stated the Finance Committee has done a lot of work on this and reviewing the University loan program they found some very difficult situations. Rep. Peck can probably clarify some of it and they are trying to remedy the situation which is not fiscally desirable.

Representative Quilici asked if this is a spinoff from the problem at MSU that hung on for over a year? Rep. Bardanouve stated MSU was not alone.

Representative Cody referred to Page 2 of Exhibit 1 and asked who

is going to determine what interest will be? Ms. Rippingale referred Rep. Cody to Section 4 of Page 2 and it specifies the interest.

Closing by Sponsor:

Representative Mercer closed.

HEARING ON HOUSE BILL 193

"AN ACT PROVIDING FOR STATE AID TO PUBLIC LIBRARIES; PROVIDING FOR A DISTRIBUTION OF GRANTS TO PUBLIC LIBRARIES BY THE STATE LIBRARY COMMISSION ON A PER CAPITA AND PER SQUARE MILE BASIS; PROVIDING FOR REIMBURSEMENT FOR INTERLIBRARY LOAN LENDING; PROVIDING THAT SUCH AID MAY NOT BE USED TO SUPPLANT LOCAL OPERATING SUPPORT OF LIBRARIES; PROVIDING FOR BASE GRANTS TO LOCAL LIBRARIES FOR SUPPORT OF COOPERATIVE SERVICES THROUGH FEDERATIONS; PROVIDING AN APPROPRIATION; AMENDING SECTION 22-1-301, MCA; AND PROVIDING AN EFFECTIVE DATE."

Presentation and Opening Statement by Sponsor:

Representative Thoft, House District 63, explained this is a state aid to libraries bill. There are 85 public libraries with 59 additional branches, 17 college and university libraries, 108 special libraries and 384 school libraries. The problem is that the funding has dropped off drastically for libraries because of three things. One is the freeze that occurred under 105, libraries are entitled to 5 mills in a county, 7 mills in a city or town and those mills have been frozen. The other problem is the value of mills has dropped so that has also reduced the revenue. The support from the coal tax has dropped off from \$425,000 in 1985 to less than half of that in the next biennium. There are four parts to the Bill: The state aid to the libraries is based on per capita per square mile. The state interlibrary loan program, reimbursement. State multilibrary card. Base grants to the federations. He explained a percentage breakdown for those funds: 11.1% would go to the federation, 12% to the multilibrary card, 13.3% to interlibrary loans and 63.6 to the library grant program.

Testifying Proponents and Who They Represent:

Richard Miller, Montana State Librarian
Gloria Hermanson, Montana Cultural Advocacy
Deborah Schlesinger, Legislative Chair for Montana Library Assoc.
Toni Niklas, Montana Education Assn.
Don Scanlin, Chairman, Advisory Board, South Central Library
Federation Headquarters, Parmaly Library, Billings

Proponent Testimony:

Mr. Miller read from Exhibit 1 and passed out Fact Sheet, Exhibit 2.

Ms. Hermanson read from Exhibit 3

Ms. Schlesinger read from Exhibit 4

Ms. Niklas stated Montanans competing in modern society should keep informed and educated and libraries truly are a vital source of that.

Mr. Scanlin referred to Exhibit 5

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members:

Representative Bradley asked Mr. Miller for more information on what is happening to the coal tax revenues he relied on. Mr. Miller stated the coal severance tax has been used in the six library federations around the state. The federations attempt to provide cooperative library service to the public library members and the downturn of the amount of money that is available has been so drastic that they are just hanging on by their fingernails at this point.

Representative Swift asked how many of the grant programs that came out of Kellogg funding started up again and how many dollars will be involved to extend that? Mr. Miller stated none of these funds in House Bill 193 are specifically for those Kellogg funding grants, however, they are approaching the Kellogg Foundation for additional funding to extend the number of sites, to ten in each state as opposed to two in each state. This is a pilot program funded by Kellogg Foundation.

Representative Grady asked Representative Thoft about the mill levy and noticed it was 5 for the county and 7 for city and couldn't those be raised? Rep. Thoft stated he did not want to be the one to break 105.

Representative Grinde asked about the interlibrary loan lending and can it be used for brick and mortar? The answer was no. He then asked if someone would explain the multilibrary statewide card? Rep. Thoft stated that basically what it is once you get a library card it is good anywhere in the state. Rep. Grinde asked if there would be a charge for these cards statewide and Rep. Thoft said no. Rep. Grinde asked who administers this program, the state library or local? Mr. Miller stated the card will be issued locally and can be used in any library in the state.

Closing by Sponsor:

Representative Thoft stated there will have to be an amendment to include the state multilibrary card in the title and he passed the amendment out. He stated there is no question that a lot of effort is made to try to attract new industry into the state and a good library system is an important part of that. There has to be additional money put into the library system if it is to operate the way it should.

Tape 2, Side A, 000

HEARING ON SENATE BILL 80

"AN ACT ELIMINATING THE CATEGORY OF "OTHER SPECIAL REVENUE FUNDS" FROM THE STATE TREASURY FUND STRUCTURE; RECLASSIFYING OTHER SPECIAL REVENUE FUNDS AS STATE OR FEDERAL SPECIAL REVENUE FUNDS; AMENDING SECTION 17-2-102, 17-2-111, 17-3-1003, 20-26-1105, 53-24-104, 61-10-226, 75-7-306, 76-13-209, 80-11-203, 80-11-207, 80-11-210, 80-11-310, 81-8-610, AND 81-8-805, MCA; AND PROVIDING AN EFFECTIVE DATE."

Presentation and Opening Statement by Sponsor:

Senator Himsl, District 3, Kalispell, stated this Bill comes to the committee at the request of the legislative finance committee. What this Bill does is to consolidate the state special other revenues with the state special revenues. This would eliminate one set of figures. The fund structure provides for general fund and then provides for earmarked funds or state special revenues. There is a special category that they have been putting in state special revenue and then they have other state special revenue. This proposal is to remove this bracket of "other state special revenue" and consolidate them as state special revenues. They have federal special revenues which are earmarked funds.

Testifying Proponents and Who They Represent:

Teresa Timm, Department of Administration Accounting Division

Proponent Testimony:

Ms. Timm stated she is in charge of preparing the state's comprehensive financial report which Senator Himsl referred to. The 1987 Legislature enacted Section 17-2-111 in the Montana codes which requires the Department of Administration to perform a biennial review of all state and other special revenue and proprietary accounting entities and report the findings and recommendations to the legislative finance committee. Their report contained nine recommendations. Passage of Senate Bill 80 will implement one of those recommendations. Because accounting entities classified as other special revenue cannot be distinguished

from state and federal accounting entities by their number in the statewide budgeting and accounting system the general appropriations act does not recognize their existence. This results in a general appropriations act but it is technically incorrect, confusing and misleading to anyone attempting to compare the state's financial statements to the appropriations Bill. The budget amendment law, section 17-7-402 of the Montana codes also appears not to recognize the existence of the other special revenue accounting entities. The law requires no budget amendment be approved for the expenditure of money in the state special revenue fund unless an emergency justifies such an expenditure. Amendments in special revenue accounting entities can be approved to spend funds which are not available for legislative consideration. When applying this law to other special revenue accounting entities some have been required to demonstrate that an emergency exists whereas others have been allowed budget amendments to spend on anticipated revenues.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members:

Representative Bardanoue stated they have worked on this a lot in the Finance Committee to try to simplify the accounting system of Montana and end a lot of unnecessary subfunds and consolidate the accounting system.

Closing by Sponsor:

Senator Himsl closed.

HEARING ON HOUSE BILL 555

"AN ACT TO APPROPRIATE FUNDS TO HAYS-LODGE POLE SCHOOL DISTRICT NO. 50, BLAINE COUNTY, FROM THE STATE EQUALIZATION AID ACCOUNT TO ALLEVIATE ANTICIPATED LOSSES IN FUNDING FOR DISTRICT EMPLOYEE SALARIES AND OTHER NECESSARY EXPENDITURES FOR THE SCHOOL FISCAL YEAR ENDING JUNE 30, 1989; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Presentation and Opening Statement by Sponsor:

Representative Bardanoue stated this is a serious Bill concerning the Hays-Lodge Pole school district. They need about \$128,000 to keep this school district operating until

the end of this year. The reason for the problem is there was an administration and past Board members who were not careful with the monies that were allocated. Their budgets were overspent and there was some corruption, some embezzlement of monies. Through the judicial process some people have been punished by the courts for misbehavior but that does not replace the money. The education in areas where there is heavy federal impact is supported by 874 monies. Fort Belknap Reservation is almost 100% federal trust land unlike the reservations in Poplar or the Flathead reservation due to the amount of private land in there. Fort Belknap is 99.9% federal land which means there is no way of raising any revenue because you cannot assess the federal land. It is entirely owned by tribal members and the land is in trust. Congress passed 874 and this is known as 874 money which allocates money to the federal impact areas. This is where Hays-Lodge Pole receives most of its financing plus financial aid from the Montana Foundation program. Too much federal money was sent to Hays-Lodge Pole for a couple of years because of an error and the administration and former Board accepted and spent the money. Finally some auditors from Washington reviewed the 874 monies and found that the Hays-Lodge Pole had been receiving more than they were entitled to. As a result they sent a tremendous bill to Hays-Lodge Pole to pay back the money. A crisis occurred this fall as the funds are through the county treasurer's office and the county office refused to cash the warrants of Hays-Lodge Pole because they were overdrawn by \$100,000. There was a community meeting in Lodge Pole at which time a new superintendent found the situation in chaos. The budget was in shambles, the accounts overdrawn and the federal government demanded their money back. There were several alternatives, they could have declared bankruptcy of the school district, the teachers did not have pay but through the new superintendent, Mr. Buttons, they negotiated to cash warrants, negotiated with the federal government to pay back payments over a term of years. A new Board has been formed, re-calculations thought out, and the citizens have run a tight ship and have cut the shortfall to finish out the year.

Testifying Proponents and Who They Represent:

Mike Button, Superintendent of Hays-Lodge Pole
John Pehrson, Principal Hays-Lodge Pole High School
Loren "Bum" Stiffarm, Travel education director, Fort Belknap
Community Council
Loretta Hawley, Chairperson of the Hays-Lodgepole School Trustees
Claudette Morton, Executive Secretary, Board of Public Education
Robert Fox, Trustee, Hays-Lodgepole School
Mike Campbell, School Board District 50
Senator Jergeson, District 8, Chinook

Proponent Testimony:

Mr. Button spoke on behalf of the Bill and reiterated some of the things Rep. Bardanouve has spoken of and to assure the committee there is a definite need for finances to carry the school year to its completion so a class of seniors can graduate and that the future generation of students coming along can attend a school in their community. Hays-Lodge Pole is a district that is isolated as far as Montana is concerned which all of Eastern Montana is but especially this district because it is 80 miles to its closest trade center, Havre, Montana. Anytime they need any services they have to pay mileage and have someone transported out to their district to provide those services. At the same time they have no housing available in the private sector in the area so the school had to go out and solicit funds to build housing to provide for the staff. That housing is a serious dent in their budget on a yearly basis. About 1983 a conspiracy began in the school district and was lead by the power structure of the school. There was no way for anyone to get into the school to stop this until the local auditor had exposed what was going on to the Board of Trustees. Not all the Board was participating in this conspiracy, however, the business officials were to and to the amount of \$121,000 and that is a minimal figure, as to what they got away with. Since that time they have been able to collect approximately \$11,000 in retirement funds that were cashed in by the employees which they were willing to turn over to the school district to offset their loans. The other portions of money that were embezzled were turned over to the federal court system. People were prosecuted, they were convicted and sentenced. The sentences were minimal, the restitution was ordered, however, none of these individuals is working today, therefore, there can be no restitution. These sums of money are uncollectible.

Mr. Pehrson stated his job is basically to run the educational program on a day to day basis. He oversees 79 high school and 33 junior high students. He is very concerned if Hays-Lodge Pole school folds and no longer able to provide an education for these children that their special needs will not be met. The children come from a very rural area and have to travel many miles for services at all. Most of the adult workforce there is unemployed and have social problems that can only be dealt with through education. Most of the children come from bilingual homes where either Gros Ventre or Assiniboin is spoken in the home. The special needs of these children will not be met in any other school. Not so much that they can't be met but probably will not be met. Their school is tailored to the needs of the community.

Mr. Stiffarm stated the Council he serves on is the governing body of the reservation and also the home of the Assiniboin-Gros Ventre people. The Council would like to go on record that they fully support the District in their attempts to find funds to keep the school open. He mentioned the 874

applications are submitted by the district and forwarded on to the OPI for review and approval and again forwarded from their offices on to the United States Department of Education. At some point when this application was first filled out by the district, approved by the OPI and U.S. Dept. of Education, something went wrong. The application was not filled out properly and someone should have noticed it, either in Helena or Washington, D.C. They have had meetings with the former OPI administration but of no avail and they do not claim any responsibility for these problems. They have gone to Washington, D.C. and the only thing they would do is come up with a repayment plan. The only Board that has helped them so far is the Board of Public Education and through their legal counsel came up with a solution where they could get early state foundation money released to them to keep them open. The immediate problem they face is how do they keep the school open for the remainder of the school year.

Ms. Hawley stated each of them has spoken to the students many times concerning what has happened. The morale of the students is terrible and the children want their school kept open rather than attending Boarding school.

Ms. Morton stated the Board of Education was apprised of this situation in November and they did try to help, although they asked for a clear reporting and understanding of what money they did have coming etc. and how they were going to deal with this issue because their concern is always for the children who are in the educational system. They did not have any help, although they asked, and it is true the state has had some responsibility in this issue and for some reason the OPI did not catch things when they went through and they were not aware of the problems and there was no solution presented to them. It is unfortunate and it is a situation certainly that they do not wish to condone or support the idea of mismanagement of schools, but the important thing is the children who are in that school and they need to have their school year finished and they need to know their school will remain open.

Mr. Fox stated he feels it is part of their duties and responsibilities to secure help for their school and in any culture the future is the children.

Mr. Campbell stated at the last meeting they cut three teachers at a savings of about \$75,000 and there has been a lot of improvement since Mr. Button has taken over.

Senator Jergeson stated the people in the Hays-Lodgepole community are his constituents and feels obligated to help them through this very difficult time. He has always been a proponent of public education because of the children.

Testifying Opponents and Who They Represent:

Ron Bennett, representing himself, a taxpayer
Robert Windel, Superintendent of Schools, Havre

Opponent Testimony:

Mr. Bennett stated he felt somebody had to know what was going on but he feels getting money from the federal and state funds is not the answer, particularly an outright grant. He could see a low-interest or no-interest loan but what assurance is there that it won't happen again, not only at this school district but others in the state and would a precedence be established if they give them the money?

Mr. Windel passed out Exhibit 2, from which he testified.

Questions From Committee Members:

Rep. Cody asked Rep. Bardonoue how well were the applications scrutinized and is there a possibility of an over amount of money given to other districts besides what happened to his? Rep. Bardonoue stated he had no way of knowing how well they were reviewed and how the OPI or Washington reviewed them. It is quite clear they were not very well reviewed. Mr. Button stated they have had this problem occur before. They were sent a bonus payment again after they received their Fall payment in November which they did return. There are 3,000 school districts in the United States who received 874 payments and he believes at any one point in time at least 30% of them are in a situation where they either receive an overpayment or an underpayment. Rep. Cody asked what the dropout rate was in Hays-Lodgepole? Mr. Pehrson stated well under 20%. In 1969 and 1970 he taught in Hays and at that time Hays did not have its own high school and the students were bused to Harlem and of the kids who graduated from the 8th grade the drop out rate was over 75%. With their new high school the drop out rate has decreased rapidly. Rep. Cody asked Mr. Windel from Havre if he has Native Americans in his school system there? Mr. Windel stated they do and it is rather low population in high school but one elementary school is about 30%. Rep. Cody asked what type of educational curriculum do you have to address the Native American students in their special needs? Mr. Windel stated the elementary school he referred to was recognized last summer as being one of the top 20 in the nation for treating on risk students. They believe through involvement in a program that is sponsored in the Northwest Regional Educational Lab that they have a very good program. In addition to that one in the system they have a regular Indian Ed type of educational program that offers various other things for the Native American.

Representative Kadas asked Mr. Button if this is a combined

elementary and high school? Mr. Button stated they are two separate entities but yes they function with the same board and superintendent. As far as House Bill 555 it only applies to the high school district. Rep. Kadas asked what the current expenditures were? Mr. Button stated for the high school budget it is \$601,000 and that is a reduction of \$240,000 from the previous year's budget, so the district is exercising some fiscal responsibility. Rep. Kadas asked what they expect the 874 payment to be this year and next year? Mr. Button stated the 874 payments have averaged about 50% of the total expenditures for the school district. Rep. Kadas referred his question to Rep. Bardanouve and stated it seems to him they are in the process right now of refiguring their Foundation system and Hays-Lodge Pole, because of that, will receive a significantly higher foundation program to begin with than they are receiving now, plus they will receive approximately the same amount under the 874 plan and it seems to him that after 1991 that the problem is gone and in fact, this school district will be funded rather well, because it has access to considerable federal funds and he is wondering if a more sensible solution is to provide a loan for this fiscal year to help them get through this and they pay it back over the next 5 or 10 years? Rep. Bardanouve stated it may be one solution, however, they have a heavy pay back of 874 which has to be paid at the present time in 5 years. This will in itself reduce their cash flow and with 7% interest reduce their cash flow. Rep. Kadas stated just roughly their foundation payment is going to increase in the neighborhood of \$100,000 to \$200,000 a year because of reforming the school foundation program. Rep. Bardanouve stated that at the present time nobody knows what the Foundation program will be that will be passed this legislature.

Representative Grinde stated he is on the Education Subcommittee and one of the things he has been working with OPI on is to try to put together a standard accounting system so they can get the numbers from all these schools to help OPI with their records. He asked Mr. Button about the accounting system they had and why wasn't somebody overseeing this? Mr. Button stated the district has a responsibility to conform with the single audit act and have a private auditor come in and audit the books, however, the district administration refused to allow that to happen by telling the Board they were never ready with their books. They postponed that answer for two years. Immediately upon the auditor arriving at the district it was easy for him to find out what was going on and then he went to the Board and exposed what had been happening. From that point on the trustees notified the U. S. Attorney's office and the legal action then began. Rep. Grinde asked Mr. Button what kind of accounting procedures he is using since he became involved in this? Mr. Button stated they are using the same accounting structure that should have been implemented all along. They will have an auditor within the district three

months after the closure of these school books in June. They have a close relationship with the County Treasurer's office and they are well aware of the situation out there and are monitoring it and are going to prevent any overdraft of warrants and they would close them down upon that. They realize that there are inadequate funds to back any warrants that would be issued. Rep. Grinde asked Rep. Bardanouve about paying back 874 monies and getting this school back on line but why in this Bill didn't you designate this money had to be paid back? Rep. Bardanouve stated he felt with the obligation they had that all they could do was get their house in order and pay back the federal dollars. I had no way of knowing how many federal dollars they have to pay back but it would be a large amount. He feels this is a fair way of remedying a very serious situation.

Representative Grinde asked Ms. Morton if they had tightened up their accounting procedure and are overseeing these things and we don't have a recurrence? Ms. Morton explained that the Board of Education would be very happy to tighten up the accounting procedures, however, that is in the Office of Public Instruction and they don't have a way to tell them. They do suggest but since that is run by an elected official they are hopeful they can work with the OPI and encourage that it does not happen again but her office doesn't have that responsibility.

Representative Thoft referred to the testimony and they stated there they have five years to pay back the 874 monies. Mr. Button stated that is correct. Rep. Thoft then asked if they were asking for 10 years and when would they know the answer but Mr. Button did not know the answer to that.

Representative Spaeth stated he realized the situation that happened is a very difficult one and the problems that arose there but other schools over the years have had problems and does he know of any school districts in the past who have come in with a difficult story that they need more money? Rep. Bardanouve stated that Anaconda came to this legislature and received several hundred thousand dollars because of an emergency brought on with the closure of the Anaconda smelter and they had a financial crisis then. Rep. Spaeth stated he understands that was a change in the formula in ANB and was a wind down type change in the formula that applied to Anaconda but his question is have they ever granted a specific school a specific Bill additional money without any kind of requirement they pay it back? Rep. Bardanouve stated Anaconda did not have to pay it back.

Representative Kimberley asked Mr. Stiffarm about the financial aspects and one of the assumptions he is familiar with is that the family ties of the Native American families are extremely strong and yet in part of the statements heard here today that the kids would be making the decisions not

to attend Harlem, not to attend Havre and sounds like they would make that determination. Mr. Stiffarm stated he did not intend to mislead him but said they would be reluctant to attend and stated the students and the families have strong ties.

Representative Peck referred to Mr. Button, stating he had a problem with the statement on the audits. The written statement says the program with the problem went from 1983 to 1987 and the audits were postponed for two years, but this is a four year period. How did these audits get postponed for four years? Mr. Button answered it happened just by refusing to hire anyone and they just ignored the law. Rep. Peck asked if the 874 applications go through OPI? Mr. Button answered yes. Rep. Peck asked if the payments come back with any distribution through OPI? Mr. Button stated no, the money does not go through Helena but the paper work is sent back to Helena. Rep. Peck asked if there is a section in the law that says if you do not complete a certain minimum number of days then you will not qualify for ANB payments? Mr. Button stated if they have to close early they would break the chain and that is exactly what would happen and would fall to the bottom of the list for 874 funding. Rep. Peck asked about the statement "housing is a drag on the budget" and wondered how he meant that? Mr. Button stated they collect rent but as far as any interpretation goes to those rents they would say they are token rents, they amount anywhere from \$25 to \$75 per month per unit and that is part of the collective bargaining with the teachers. Rep. Peck stated in looking over his statement and the requirements on payback that they had to the federal government and other obligations, etc. does he really think he can maintain a school next year? Mr. Button stated the district is going to have to make some assessment as to what program it wishes to offer and the trustees will have to take that action. So far, they have addressed that issue with the tenure teachers by cutting three teachers for the next school year. The non-tenure situation is yet to be addressed and will come up in the March or April Board meeting. The District can turn things around and keep that school going and by reducing its budget from the amount it has already to this school year has shown that it is possible but it is impossible to carry on with anymore loan payments. Mr. Button stated the school has paid back its registered warrants so he would say yes, he thinks they can maintain the school next year.

Representative Thoft asked about the elementary school and Mr. Button stated the elementary school is in grave danger but not in any situation as to what the high school is and with proper management the elementary problem will not compound any worse than it is now. Rep. Thoft asked how many students are in the school and Mr. Button stated there are 85 students in the high school. Rep. Thoft asked how many are on the support staff and Mr. Button stated there are 13

teachers in the high school and they have duties that are assigned back and forth between the two schools. There are 26 teachers for the entire district and 24 auxiliary staff members.

Representative Kadas asked how many 874 dollars do they have to pay back? Mr. Button stated they have to pay back \$408,000 on the elementary side and \$84,000 for the high school and they also have the special ed numbers that are coming out. There are \$119,000 on page 3 of the handout and that is the one that is currently in negotiation. They believe they can make a case of at least \$60,000 of that. Rep. Kadas stated they are looking at \$500,000 in a 5 year payback. Mr. Button stated it is closer to \$600,000.

Representative Peck asked who all is currently bonded in their district? Mr. Button stated no one. They are unable to find insurance based on what has happened in the previous years and with the new bids that are going out for this month they believe they will be bonded at that time.

Closing by Sponsor:

Representative Bardanoue stated they have a serious situation and have alternatives such as closing the schools and make young people ride as far as 75 miles one way. He stated the legislature came to the aid of Anaconda a few years ago, not under the same circumstances, but circumstances of running out of money to operate. He compared the community of Havre and the economy there with the Hays-Lodge Pole community and lack of professional people, jobs, etc. They absolutely do not approve of mismanagement and are highly critical of and do not condone mismanagement. He has received a large number of letters from the young people there who have asked the committee to help them out. There are many Native Americans testifying and are a product of this same education system. They have many social problems, many family problems but there are close ties to their children. In Indian Culture children rate higher than in the white culture. It is sometime difficult to rise out of situations and go on to Universities but many of these children do. He stated they need help now and it is essential to keep these people in education and encourage them to finish their academic career.

HEARING ON SENATE BILL 78

"AN ACT ELIMINATING CERTAIN STATE SPECIAL REVENUE FUND ACCOUNTS THAT PERIODICALLY TRANSFER THEIR UNOBLIGATED BALANCES TO THE GENERAL FUND; REQUIRING MONEY IN THOSE ACCOUNTS TO BE DEPOSITED IN THE GENERAL FUND; AMENDING SECTIONS 16-11-124, 17-2-121, ~~19-11-513, 19-11-514~~ 30-9-403, 30-10-115, 30-10-209, 33-2-708, 33-30-204, AND 33-31-212, MCA; REPEALING SECTIONS 17-2-122, 17-2-123, ~~19-12-302,~~ AND 30-10-116 THROUGH 30-10-118, MCA; AND

PROVIDING AN EFFECTIVE DATE."

Presentation and Opening Statement by Sponsor:

Senator Regan, District 47, stated this committee was well aware of the problems that Montana faces and especially when it comes to appropriating money. Much of our money is earmarked, in fact 61% of all the revenue collected last biennium was earmarked. This Bill de-earmarks five accounts and it requires statutory language to do this. See Exhibit 1 which is a list of accounting entities whose fund balances will be transferred to the general fund on June 30, 1989 in accordance with Section 17-2-111, MCA. The committee recommends that these accounting entities be de-earmarked and reclassified as general fund.

Tape 3, Side A, 000

Testifying Proponents and Who They Represent:

Teresa Timm, CPA, Accounting Systems Manager, Accounting Division
Department, Department of Administration
Lyle Negel, Montana State Volunteer Firefighters

Proponent Testimony:

Ms. Timm handed out Exhibit 2 and read from this.

Mr. Negel stated one of the sections that would be repealed would eliminate a portion of the funding for the volunteer firefighters compensation act. They are allowed to spend 95% of the interest the fund earns on medical benefits and pension funds and repealing this would have put that interest into the general fund instead of their fund. He referred this to Sen. Regan and she worked with them and they found it was an oversight.

Testifying Opponents and Who They Represent:

Tanya Ask, State Auditor's Office/Montana Insurance Dept.

Opponent Testimony:

Ms. Ask stated until 1985 both the insurance and the securities' department submitted all of their regulatory fees collected to the general fund. That was in addition to all premium taxes collected by the insurance department. Premium taxes collection amounts to approximately \$25 million dollars a year and that continues to go directly into the general fund, however, 1985 the legislature did establish two special separate regulatory accounts, one for insurance and one for securities. The purpose of these accounts was to collect the regulatory fees paid by the industry for regulation of those two industries. The regulatory fees collected by the insurance dept. last year amounted to

approximately \$1.3 million dollars and of that amount they were appropriated approximately \$839,000. At the end of the fiscal year a reversion of approximately \$460,000 automatically went back into the general fund. Regulatory fees collected by the securities dept. were even greater. They collected approximately \$2.2 million dollars in regulatory fees and of that they were appropriated \$268,000 with the balance of \$1.9 million dollars reverting into the general fund. They understand that the accounting department can keep track of the fees on a separate accounting basis, however, they feel very strongly that having special regulatory accounts set up helps high light the reason these funds were collected in the first place.

Questions From Committee Members:

Representative Cody asked Senator Regan in going through the budget they have come across several times the fees were commensurate with the cost but they exceeded the cost of the service the fees were being paid for and the rest of that money went into the general fund and has subsidized some other areas. This is a concern of hers and she can see what Sen. Regan is proposing to de-earmark those funds if they allowed the individuals who pay the fees for the service to receive all of what they are paying in or otherwise get a decrease in that. They are going to subsidize the general fund with these fees that are to be de-earmarked and is there not some concern about that? Senator Regan answered no. She pointed out two things, whether they pass the Bill or not those fees are going into the general fund and they are going to go in there and have gone in always. These two accounts were earmarked until 1985 and were done so at the request of the present auditor who wanted to be able to point to those and say that is all my money and I want to spend it. It is not a very good way of appropriating money and that is the real problem with earmarking, if it was truly an earmarked fund.

Representative Swysgood asked Senator Regan if her Bill just addressed the asterisk marked items in Exhibit 1 and Senator Regan said yes.

Representative Marks stated he was curious about Item 02847, insurance proceeds, Exhibit 1. Clayton Sheets stated several of the agencies did have insurance proceeds accounts, an account where they collected money from damaged claims of certain types and that money was used to pay for repairs or whatever had to be done.

Representative Grinde asked Senator Regan if she would like to see legislation some day that would limit all earmarked accounts. Senator Regan stated she has come to the conclusion they have to do it, reluctantly.

Closing by Sponsor:

Senator Regan stated she does have one reservation and that is the coal trust because that is a commitment they made for future generations and that is something they should be looking at and not de-earmark at all or it will all be gone.

HEARING ON HOUSE BILL 173

"AN ACT TO PHASE IN OVER 5 6 YEARS THE REDUCTION IN A SCHOOL'S MAXIMUM GENERAL FUND BUDGET RESULTING FROM AGGREGATION OF ANNUAL AVERAGE NUMBER BELONGING (ANB) REQUIRED BY CHAPTER 498, LAWS OF 1987; AMENDING SECTION 3, CHAPTER 498, LAWS OF 1987; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE."

Presentation and Opening Statement by Sponsor:

Representative Nelson, District 6, stated last session a Bill was passed that required schools to have several different buildings in a certain area to count their ANB on the basis of all the schools, consequently this cut down on the size of the ANB allocation they received instead of doing it as they had previously where each school was counted independently. This put something of a burden on the school districts in trying to absorb that re-allocation in one year time so the Bill allows this to be spread over a five year time.

Testifying Proponents and Who They Represent:

Bruce Moerer, representing the Montana School Board Association
Webb Harrington, Hamilton School District
Steve Gaub, Superintendent, District 73, Charlo
Robert Ahlmager, Superintendent of Evergreen School, Kalispell
Tony Tognetti, Superintendent of Schools, Stevensville
Jean Hagan, Superintendent of Schools, Big Fork
Ramona Stout, Superintendent Huntley Project Schools
Kathy Pattee, Principal, Monforton School, Bozeman
Larry LaCounte, Superintendent of Schools, Arlee
Don Wetzal, Superintendent of Schools, Corvallis
Laurene Murphy, Swan River Schools
Daniel Danz, representing the Deer Park Elementary District, Flathead County
Terry Minow, Montana Federation of Teachers/ Montana Federation of State Employees
Toni Niklas, Montana Education Assn.
Holly Kaleczyc, Office of Public Instruction
Henry Badt, Mt. Association of County School Superintendents

Proponent Testimony:

Mr. Moerer stated this Bill came to the committee through their resolution process through their convention in the fall last year and was a result of some changes made by the last legislature. He passed out and referred to Exhibit 1.

Ms. Harrington passed out Exhibit 2 and read from it.

Mr. Gaub passed out Exhibit 3 and read from it.

Mr. Ahlmager stated the Evergreen School has approximately 770 youngsters, K through 8, elementary school. He gave several problems this school is having and stated they are desperate.

Mr. Tognetti referred to Exhibit 4 and read from this testimony.

Ms. Hagan referred to Exhibit 5.

Ms. Stout referred to Exhibit 6.

Ms. Pattee referred to Exhibit 7.

Mr. LaCounte stated his district's needs and funding he feels is essential.

Mr. Wetzel stated help is needed in his district.

Tape 3, Side B, 000

Ms. Murphy stated the problems in her district and the help that is needed there.

Mr. Danz stated the needs for his district to maintain the quality they now have.

Ms. Minow listed the teachers she represents and for those communities this Bill is very important.

Ms. Niklas recommended a do pass to help the schools in dire need.

Ms. Kaleczyc testified on behalf of the teachers and children affected.

Mr. Badt stated he support HB 173 for reasons the others have given in their testimony.

Testifying Opponents and Who They Represent

None

Opponent Testimony:

None

Questions From Committee Members:

Representative Spaeth stated there seemed to be a small amount of school districts represented and wondered if they are the

only ones affected? Mr. Moerer stated they only heard from one third of them. This only applies when there is more than one building. Rep. Spaeth asked Mr. Wetzel from Corvallis if this is the first time ever a mill levy has been assessed? He stated yes.

Representative Grinde asked Mr. Moerer if the aggregate came around because of 1987 loss of HB 340? Rep. Grinde then asked who sponsored HB340? Mr. Moerer replied Representative Donaldson. Rep. Grinde asked at that time he assumed education, whether OPI, or whoever testified in support of that in the last session and Mr. Moerer stated they opposed that in the last session. They finally consented to the inevitable as long as there was a three year delay in the effective date.

Representative Kadas asked if this is to extend House Bill 340 from last session? Rep. Nelson stated there is a five year leeway for phasing in HB340.

Representative Swysgood asked about the #6 in the title and wondered if that is fiscal years? Mr. Moerer stated the phase-in is designed to start after next year. Rep. Swysgood stated if this is to be phased in in next year's budget with HB340 has anybody taken contingency steps to implement HB340 or is everyone under the assumption that HB173 will pass? Mr. Gaub stated they have already cut two faculty positions and presently have no elementary principal. That position has already been cut so they plan to make more. Ms. Harrington stated Hamilton has not acted upon the non-tenure teachers for next year until they know the outcome of this. Ms. Hagan stated Big Fork is on a holding pattern now until they see what the legislature does regarding this Bill.

Representative Cody stated she has been listening to the debate on education now for three terms in the legislature and almost at the point that they need to say to the people of this state either we are going to support education or not. Mr. Moerer stated there is a problem and that is the courts have determined education is the state's responsibility primarily and they often don't get the support in every local district that they would like and the kids really do deserve and that is guaranteed them from the state constitution. A new funding program may take care of part of that but certainly not going to for next year. Rep. Cody stated she realizes it is a state obligation but all of these people live in the state and all of the taxpayers live in the state and that is where the support is supposed to come from. Ms. Harrington stated the majority of Hamilton's voters are retired senior citizens on fixed incomes and that is their problem. Their idea is to keep taxes low. They do not have the support and she has tried senior citizen volunteer programs to get them into the schools and get them involved.

Representative Spaeth stated he is concerned about the school districts. Representative Marks asked if there were schools out there that could have come under this loophole that didn't? Mr. Moerer stated one example he gave earlier was Lockwood and they had incorrectly computed their ANB. Technically they did not have the option to calculate the ANB differently. They discovered the error in 1985, corrected it and they calculated it correctly and did not aggregate the ANB the next year, gained the additional money, lost it then in the voted levy, gave that back to the voters, lowered their voted levy and now 105 hit them in 1986.

Representative Spaeth asked Ms. Pattee from the Monforton school district if it is true that the buildings were built separately so they could still qualify for separate buildings? Ms. Pattee stated they added on again in 1976 they did not join them together because of that reason. They are about 100 feet apart and they did not put them together.

Closing by Sponsor:

Representative Nelson closed.

The chairman recessed until adjournment and reconvened at 3:32 p.m.

HB 100

Representative Peck opened with executive action on amendments for E. Other Education.

First amendment, page E-1, Line 23, Strike: "1,039,039 1,039,091" Insert: "1,170,209 1,170,261". Rep. Peck moved to adopt \$4,000 in that respect; \$4,000 added to 1,039,039 so it would be 1,043,039. Motion carried. Vote passed unanimously.

Second amendment, Page E-1, line 21, Strike: "711,326 714,196" Insert "723,920 726,790" Rep. Peck stated the Cobb amendment was applied to both the administrative clerk position and a secretary's position. The secretary's position was open more than 6 months and the administrative clerk's position was the one in question because it was a nine month position where the summer vacation began the beginning of June. The Subcommittee restored the one based on that explanation and they feel the other one falls clearly on the Cobb amendment and should be denied. This is the recommendation of the subcommittee and Rep. Peck so moved. Rep. Peterson asked what the numbers would be and Rep. Peck stated that accepting this motion would take them back to the strike numbers 711,326 and 714,196 and there would be no change.

Representative Cody made a substitute motion to accept the "723,920. She stated in her subcommittee looked at the positions that Rep. Cobb eliminated and the purpose of that motion was to make these agencies come in and justify those positions as to why they had been vacant and so they put some of the vacancies back in because they did come in and justify those vacancies.

Representative Peck stated he would resist the motion because there are two positions that fell under the Cobb amendment. On the basis of testimony to the subcommittee they restored the one which is the Cottage Life Attendant on the explanation sheet, and they feel both of them should not be put back.

The substitute motion failed. The original motion was voted, passed.

Representative Peck moved to approve Section E as amended. Motion carried. Vote passed unanimously.

Representative Peck referred to the first amendment for Higher Education. Rep. Peck stated when the Governor indicated he would allow \$13,000,000 to be appropriated to higher education the committee put what they thought was correct, \$13,000,000, as recommended by the Commissioner's office into the Bill. The subsequent examination by that by the executive said no you put \$16,000,000 into the Bill because there is a difference over what goes into the total and arriving at that. The Commissioner and his staff then met with the Governor on this and agreed that they would allow \$1.6 million and \$1.4 million had to come out. This represents the recommendation from the Commissioner and the Board of Regents as to what comes out. Rep. Peck moved the adoption of the amendment.

Representative Cody stated they had a sheet showing how this worked out and this states that if SB287 becomes law the extra money is based on 287? Rep. Peck stated the motion in the subcommittee is a straight up motion to adopt these eight items as they came from the regents, not contingent upon 287.

Representative Kadas stated he opposed the motion for a number of reasons. It is going to pull out another \$1.4 million out of the budget as the subcommittee originally adopted it. The way the subcommittee worked was, Regents worked with executive to form a proposal and that was brought to the Subcommittee. As it finally came out LFA determined that it was \$16,000,000 instead of \$13,000,000. Rep. Kadas referred to page F-41, the funding sources. He then referred to page F-47 and explained the cutting the motion would affect.

Representative Swysgood stated he assumed the priority list, all of these in the contingency list in case 287 fails are in the

amendment. Rep. Peck stated that is correct and that is the motion to accept this. Rep. Swysgood referred to the list and the two smaller units take the brunt of the cuts and there was also a Bill presented for a \$200,000 law accreditation system at the University of Montana which was cut considerably. He stated he had problems with the way they came up with their hit list. Rep. Peck stated law accreditation was never threatened, it was the pharmacy school. The water research center was cancelled out and President Tietz from MSU indicated there are two activities that are to be carried on and one was an inventory within the system and the development of the water policy and mentioned the use of the Wheeler Center at MSU to work on that now rather than a separate entity.

Representative Marks stated he understands Rep. Swysgood's concern. The situation the subcommittee faced was whether or not they wanted to take bond payments out of the budget. The committee has been operating under the premise that all the operation of Vo-Techs would be inside the budget as the Governor had sanctioned. They are trying to fit that in there.

Representative Cody asked Rep. Peck about the work study and what that means and what is being cut out there. Rep. Peterson asked if there is \$118,000 increase in the work study? Rep. Peck stated they put \$230,000 into work study and taking \$58,000 out of it. Rep. Bradley asked if there were 5 more VoTech unit students included in this now? Rep. Peck stated that is correct, about 2500 students. Rep. Bradley asked what is the percentage of students then that are added into this versus the per cent in the work study program. Rep. Peck stated there has been about 25,000 students in the system and they are adding about 2500. They are increasing it \$24,863 for VoTech each year. Rep. Bradley stated she had some questions on the new space. It deals with plant operations for those two units and she wondered where they are now? Rep. Kadas stated for U of M they took \$400,000 out of energy last year and moved it into instruction. They lost it altogether so they are down \$400,000.

Representative Bradley asked about #8, Support Formula, and Rep. Kadas stated what this amendment does is to change it 1/8 the first year and the second year instead of 1/12 it will be 1/30. Representative Peck stated this is all new money they are talking about.

Representative Quilici asked what the motion is and Rep. Bardanouve explained it is to adopt a proposal as presented by the Subcommittee.

Representative Cody made a substitute motion to segregate #7, Summary Sheet for Workstudy, out of the proposal. Mr. Wolcott stated there does not have to be a substitute motion just a request to segregate #7. Rep. Marks asked if the \$58,000 is taken out how much increase is there in

University related workstudy and how much increase is there in VoTech? Mr. Wolcott stated the increase for the University workstudy program would be \$118,826 that remains there and the amount for VoTechs is \$24,836 each year. Rep. Marks then asked if Item #7 relates to the VoTechs? Mr. Wolcott stated that is correct.

Representative Kadas stated just so they what they are voting on the question is the reason the Subcommittee put Workstudy in was to offset the significant increases in tuition. They have not reduced tuition at all but are reducing workstudy and leaving tuition where it is.

Representative Bradley asked Rep. Kadas about his concern for Workstudy to offset the higher tuition but what about the support program and the tuition that goes there that the students want to see such as services, libraries, etc.? Rep. Kadas stated the students will pay about \$10,000,000 on this and the state will pay another \$1.4 million and \$600,000 of that comes out of Support. The student priorities have been in three major areas, faculty salaries, libraries and the Support. Rep. Peck asked Rep. Kadas if he would agree that there is no cut in faculty salaries? Rep. Kadas stated yes.

Representative Peck's original motion with #7 segregated out passed.

Representative Cody, said it was important to have the work study money in the budget since with the rise in tuition it often meant the difference as to whether a student could attend or not attend a university. Because #7 was in limbo with the with the remaining amendments having passed, #7 had to be voted on. Representative Cody moved to cut #7, the workstudy program, explaining a no vote would leave the money in the bill. Vote, roll call vote, motion failed and the \$58,664 was left in the workstudy budget.

Representative Peck referred to Page F-4, line 14, an amendment to insert "Item 18 may not be expended unless the Board of Regents obtains a contract from the school district which insures that the State of Montana receives deed to the vocational-technical center facility for the cost of retiring the outstanding bond," Rep. Peck moved the amendment. Vote passed unanimously.

Representative Marks moved Page F-4, line 14 amendment be a biennial appropriation for more flexibility. Vote passed unanimously.

Representative Peck referred to Page F-10, line 7 an amendment to insert "The commissioner of higher education may transfer county millage collections among centers. Millage received by the centers from the 1.5 mill levy that in the aggregate exceeds \$787,000 in fiscal 1990 and \$796,000 in fiscal 1991

must cause a general fund reversion of a like amount each year. Any voted millage funds available for the vocational-technical centers are appropriated." Representative Peck moved the amendment. Motion carried.

Representative Peck referred to Page F-10, line 20. This amendment increases general fund support by \$15,680 in each year of the biennium to restore the 1988 appropriated level in the Extension Service Budget. Rep. Peck moved the amendment. Vote passed unanimously. Motion carried.

Representative Cody referred to Page F-4, line 16 and Gold sheet F-21. This amendment addresses the \$8,400 each year of the biennium for the office lease on the fire training service school and how much the volunteer firemen pay in for the resource center and the increase for office space. Rep. Peck stated this is basically a question whether the participants in the training program pay the fee to provide the least dollars or whether it will be done by general fund. The recommendation from the agency was that they do it by fees. He does not see any reason to change that. Rep. Spaeth asked Rep. Cody if her motion would put general fund in it and she stated it would. Rep. Connelly stated she had some calls from volunteer fire departments in Flathead County and they said they had set up small budgets and they talked about the \$35.00 to \$80.00 increases for fees and they had been told it could go that high and they would have to fund it out of their pockets. Rep. Cody stated it may be more than that because if some of them decide not to pay that then those who do will have to pay more than the \$75.00. Motion failed.

Representative Peck moved the adoption of the Higher Education budget as amended. Vote passed. Representatives Nisbet, Swysgood, Quilici and Swift voted no.

Representative Spaeth moved to reconsider his particular section because when they passed the motion they found a technical problem in line iteming the Missouri River Reservations and the way it was typed up the general fund left out and was not line itemed. It was a technical error and they want the general fund in there. Motion passed.

Representative Spaeth moved to adopt Natural Resources action as amended. Motion passed.

Tape 4, Side B, 025

HEARING ON HOUSE BILL 300

"THE MONTANA JOBS ACT; PROVIDING FOR A COMPREHENSIVE EFFORT BY THE PEOPLE AND THE LEGISLATURE OF MONTANA TO ENCOURAGE, DEVELOP, AND PROMOTE THE LONG-TERM ECONOMIC REVITALIZATION OF MONTANA, THE DIVERSIFICATION OF MONTANA'S ECONOMY, AND THE CREATION OF NEW JOBS AND BUSINESSES; REVISING ALLOCATIONS OF COAL SEVERANCE TAX

PROCEEDS; INCREASING TO 50 PERCENT THE SHARE OF THE COAL SEVERANCE TAX PERMANENT TRUST ALLOCATION INVESTED IN THE MONTANA ECONOMY; PROVIDING FOR A ~~BONDING DEVELOPMENT PROGRAM, PROVIDING THAT THE PROPOSED ACT BE SUBMITTED TO THE QUALIFIED ELECTORS OF THE STATE OF MONTANA UTILIZING IN-STATE INVESTMENT FUNDS TO~~ STIMULATE MONTANA'S ECONOMIC GROWTH; AMENDING SECTIONS 15-35-108, 17-5-704, 17-6-305, AND 17-6-306, MCA; AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."

Presentation and Opening Statement by Sponsor:

Speaker John Vincent, District 80, stated almost all of the individuals who were to testify were not able to make the adjustment and testify at this time. This Bill is called the Montana Jobs Act and it does many different things in regard to making a commitment to half of the state to do more in economic development. It calls for the investment of 25% more coal tax dollars in Montana economy, ups the in-state investment fund from 25% to 50% of coal tax dollars currently going in and then allocates the use of that money, some of it to develop existing Montana businesses to expand, some to bring new businesses to Montana, an added value effort, job training, providing a capital equipment pool for advanced equipment needed for educating university students and earmarking some funding for the science and technology alliance. It also asks the next legislature to develop three new programs for economic development, a business infrastructure improvements program, a venture capital program, and an operating capital program. As originally written the Bill called for a referendum to be held in November, 1990. He felt there was no way they could budget in this biennium the \$2.6 million dollars that would be necessary to fund this piece of legislation this time. He did have another amendment drafted and suggested whereas the money would go into the Bill but if were taken out the Bill would revert back to a form of referendum and would be voted on in 1990. The Bill has been editorialized on behalf of by the Great Falls Tribune (See Exhibit 1) and has received a great deal of support in its initial hearing in the Business and Economic Development Committee. Everyone seems to believes an effort like this would go a long way towards helping Montana promote innovative economic development in this state and yet we are stuck in a situation where we don't have the money to fund it, at least at this point.

Testifying Proponents and Who They Represent:

Chris Kaufmann, Montana Environmental Information Center
Representative Kimberley, District 90
Brian Harlin, representing Associated Students of MSU
Mike Craig representing Associated Students of U of M

Proponent Testimony:

Ms. Kaufmann stated they routinely oppose Bills that adjust the

Coal Tax Trust Fund but they are supportive of the concept of this Bill. She stated they are often accused of being anti-business as environmentalists and that is not really the case, in fact, this Bill supports the very kind of business they feel is appropriate for this state.

Representative Kimberley asked to go on record as a proponent of this Bill. He stated that during the 1988 campaign the top issue was economic development and the longer he has been in the legislature the less he has heard of issues having to do with economic development.

Mr. Harlin stated they have taken a position on this Bill as they did in Business and Economic Development of strongly supporting it.

Mr. Craig stated they also support this Bill for the same reasons stated by Mr. Harlin and also it does provide for increasing in funding for equipment that is sorely needed on all the campuses for research.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members:

Representative Marks stated trying to look through the changing of the allocations statutes is confusing, starting on page 4, and would like some clarification on it. Rep. Vincent stated he could not give a precise accounting of exactly who wins and who loses. He has assumed from the beginning that in regard to the top half of the pie in those allocations it is safe to assume that you are talking about a general fund impact and that the question is whether they want to commit that kind of funding and target it to an ongoing economic development effort. The fiscal note essentially agrees with that in saying the proposal would divert approximately \$2.6 million dollars in coal tax severance collections from the general fund.

Representative Bardanouve asked the LFA to chart for them to see where the impacts could be. Rep. Marks stated because this is such a terribly confusing matter to just analyze it without any changes, he was wondering when they do that they could put down three columns, the last being true percentages.

Representative Bardanouve asked Rep. Vincent if eventually they would use a coal trust for collateral to issue bonds? Rep. Vincent stated the amendments in the Business and Economic

Development committee struck the bonding mechanisms. It would require the legislature to set up the programs called for but they would be essentially the utilization investment programs through the in-state investment fund and not bonding programs.

Representative Swysgood asked Rep. Vincent about the section struck out that was submitted to an electoral vote and Rep. Vincent stated it was either Rep. Simon's or Rep. Thomas' amendment. He thought there was a political consideration there. Last time he had the same Bill in and Rep. Winslow attempted to amend it, saying let's do it now. The attempted amendment got the money from the educational trust fund and attempted to divert it into this. That amendment failed but the Bill subsequently died because of the reservations people had about putting it on the referendum, viewing it as a political instrument rather than an economic development approach. He is frustrated in that the answer to the funding has been no, the answer to the referendum has been no and every two years they lose another two or four just getting something underway that might do a lot to help promote economic development.

Representative Swift referred to Page 5, line 23, a reference to an increase of 5% and wondered how many dollars does that increase? Rep. Vincent stated about \$870,000 a year. That would be in addition to and that is one of the major technical faults with a Bill like this and what it essentially does is earmark that amount and so to find out what the true bottom line effect is then you have to count this \$870,000 as part of the \$1,500,000.

Closing by Sponsor:

Representative Vincent stated it has been quite awhile with the exception of the Science and Tech and there were problems with that in Court it's been really quite awhile in the state of Montana since they have really taken a bite out of the economic development initiative area that other states have taken. It seems that the dialogue comes down to those that believe that innovation is the way to go or whether tax breaks of some kind or workers' comp. or something like that are the ways to go. The answer is both. All this Bill is his research in what other states have done and experienced success with.

HEARING ON HOUSE BILL 600

"AN ACT REVISING THE "MONTANA SMALL BUSINESS LICENSING COORDINATION ACT"; ESTABLISHING A BUSINESS REGISTRATION AND LICENSING SYSTEM; ESTABLISHING A BOARD OF REVIEW; AMENDING SECTIONS 30-16-102, 30-16-103, 30-16-202, AND 30-16-203, MCA; REPEALING SECTION 30-16-201, MCA; AND PROVIDING EFFECTIVE DATES."

Presentation and Opening Statement by Sponsor:

Speaker John Vincent stated he had testimony from the Bozeman Chamber in support of this Bill and a number of people were scheduled to testify but could not given the change they had to make. This Bill is nothing more than a copy of Washington State statute and what they have done on business licensing is recognized around the nation today as best business licensing system in the United States. The most advanced, most sophisticated and the most cost-effective without any doubt at all. This Bill virtually copies the 1978 statute that Washington had. In reading the Bill, except for the general verbiage in the first couple of pages, it is boiled down to some pretty complex stuff. But essentially what this Bill is designed to do is to reduce red tape, to reduce unnecessary licenses, to expedite the business licensing process. One of the best ways to illustrate that is to take a look at the testimony of the Bozeman Chamber. He has one suggested amendment, a representative from the Department of Health wanted to add one further exemption and that was to add Title 50 to the Bill. The exemptions in the Bill are water permitting exemptions and the Department of Health wanted a certificate of need, licensing and certification of health care facilities and ambulance services to be exempt. This Bill is primarily directed at small businesses.

Testifying Proponents and Who They Represent:

Laurie Shadoan, Bozeman Chamber of Commerce

Proponent Testimony:

See Exhibit 1

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members:

Representative Quilici asked about the fiscal note for fiscal 1990 and the total cost for assistance development and would the computer system be set up for fiscal 1991? Rep. Vincent stated they didn't but the Bill has a time frame built into it. It's a step by step process and the entire program essentially would have to be approved by the next legislature to assure that it actually was running. There would be a number of things the Department of Commerce would have to provide for the next legislative assembly. Rep.

Quillici stated he would recommend that someone go to ISD and get an idea what they would try for the assistance development. He did not think it should be that high.

Representative Bardanouve asked how the money would be collected and allocated? Rep. Vincent stated in much the same way as it is now except that checks would be made payable through one agency, the Department of Commerce, rather than through a variety of different licensing agencies. Rep. Bardanouve asked how will the money be allocated back to the communities? Rep. Vincent stated as currently written the city licenses would not be covered, only state licenses. Washington State is trying to find a way to incorporate city and county licenses into the procedure. Rep. Bardanouve asked what the reaction was from the Department of Commerce to this Bill? Rep. Vincent stated he has heard there is no opposition but nobody from the Department of Commerce has ever shown up to support it.

Representative Marks referred to the fiscal note and asked if he had prepared an estimate? Rep. Vincent's answer was no. Rep. Marks then asked what it will cost? Rep. Vincent did not know. He might be able to back through the Department of Commerce and take a look at the original fiscal note and possibly confirm it or offer an alternative but he could not individually do a fiscal note on his own. He offered to have the Department of Commerce take another look at it though and see what their interpretation of the fiscal note is.

John Maloney, Business Assistance Division, Department of Commerce, and for informational purposes came to find out more or less what the Bill would entail. He thinks the committee should be aware that they currently have in place the one-stop licensing center where all license applications are available, however, once the license applications are completed, they are returned to the appropriate agency for processing. This concept of a one-stop master license has surfaced before and they found that in some cases it is very cumbersome to enact. The Department of Health licenses generally require an inspection before the license can be granted. Rep. Vincent referred to the State of Washington and the fact someone can call up and tell them their number and be granted a license and that would be impossible for anybody in Montana that would want to operate a cafe, bar or convenience store because inspection would not have taken place prior to the calling. Their 800 telephone number at the Business Licensing Center deals with approximately 1500 calls per year and sends out many license applications which are all returned to the appropriate agency. They do not receive them, other than those that are processed by the Department of Commerce. They have questions about the dispersal of the fees once they come to the Department of Commerce. Some go to the Department of Revenue, some to the Department of Health, some to the Department of Commerce,

some to the Secretary of State. They have not formed an opinion yet but want to get more information as to exactly what Rep. Vincent has in mind.

Representative Marks questioned section 4, page 7. All the people who are put on this committee are department people with the exception of two legislators and since these people are all licensures have they ever had any licensees or the people who are being regulated? Rep. Vincent stated the language here is with a few changes for just giving the names in agencies and is directly from the Washington state statute. He stated if you start to do that where would you draw the line? He would have no objection to adding people from the business community.

Closing by Sponsor:

Representative Vincent stated that somehow, and some way, this language which is again virtually verbatim from the Washington statute has produced in Washington State what is recognized nationally as the business licensing system in the country. There are not that many differences between Washington and Montana whereby this language would prove to be counter-productive in that sense. We have a one-stop business licensing center now where someone can go get all the applications but that's as far as it goes. This Bill simply says let's take the next step and move toward a nationally recognized model and get Montana even more in the forefront of providing businesses in this state a cost effective means to license and boil the licenses down to one, a master license, and get rid of any unnecessary licenses and make it as convenient as possible for businesses to do that.

HEARING ON HOUSE BILL 758

"AN ACT TO PROVIDE SUPPORTED LIVING AND HABILITATION SERVICES TO ADULTS WHO ARE DEVELOPMENTALLY DISABLED; APPROPRIATING FUNDS; AND PROVIDING AN EFFECTIVE DATE."

Tape 5, Side A, 000

Presentation and Opening Statement by Sponsor:

Representative Hannah, House District 86, stated this is a program designed to take eight intensely handicapped people over the age of 18 and provide supported living for them. This would be a satellite program where the eight people would be handled by one habilitation aide who would visit them periodically to check on their needs. He feels they have to take a hard look at some creative ideas on how they are dealing with these people because the cost of keeping them in group homes and institutions is exorbitant. This is one of those areas where they can have a supported life program.

On Page 1, line 12 the word "shall" should be changed to "may".

Testifying Proponents and Who They Represent:

Cris Volinkaty, Lobbyist for the Developmental Disabled

Proponent Testimony:

Ms. Volinkaty stated this model project was brought to Rep. Hannah from some people in Billings who would like to see a different service option tried in the state of Montana that would use the medicaid waiver funds. About seven years ago they started specialized family care for children and it has been highly successful and cost effective as far as keeping very severely retarded children in their homes. This concept is exactly the same that is being proposed in this Bill only it for adults and families who are willing to keep their children at home but need some help. It builds the service delivery system around what the family can't supply. If the family says they can't keep this person at home because of certain needs, they can give them those segments to maintain that person in the home. It is a pilot program so they have asked for quite a large sum of money considering they are serving eight people. The minimum amount of people this project would serve is eight. They feel they will be able to serve a lot more people eventually.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members:

Representative Swysgood noticed the cost of this is \$240,000 a year and if it only serves eight that is \$30,000 a client. That seems like it goes a little further than presented in testimony. Rep. Hannah stated absolutely because they don't really have any idea what it will take to do this. It's going to be cheaper in the long run. They are targeting eight but they should be able to serve a lot more.

Representative Swift asked if they would have a problem with Worker's comp. in the home situation and would this also be duplicating the group home work setting with DD people? Rep. Hannah stated no it would not because the worker's comp. would be under the employer and they would be dealing with somebody in the home and he did not know the answer to the second question. Ms. Volinkaty stated it is not a duplication but would serve a different population that is

currently sitting on a waiting list, a different service option. Rep. Swift stated in other words, they are going to expand the program as it is, only work out of the home? Rep. Hannah stated what happens now is the service program basically falls off when the DD kids are 18, so they are going to eliminate the 18-year old barrier.

Representative Bardanoue asked what is the difference in this program compared to the one they already have? Ms. Volinkaty stated it is different because those people in independent living are probably high-functioning individuals. This is designed for some very severely involved people. Rep. Bardanoue stated there are some individuals who live in his area but they live in a home and the center provides some counseling service or whatever they need and he can't see a lot of difference. Rep. Hannah stated the main difference is the functioning level.

Representative Kimberley stated they are kids no matter how old they are and wondered how they would determine which of these eight would be eligible? Rep. Hannah stated that would be the hardest thing to decide but the department would eventually make that decision with a screening committee.

Representative Thoft asked if they accept this kind of patient at the Center for the Aged in Lewistown? There is an age limit of 45 and over.

Representative Peterson stated they established about \$30,000 for each of these eight people and it seems like a lot of money if they are going to stay in their own homes. Rep. Hannah stated it is but he would look at any figure the committee presented.

Representative Grady stated when they were having the hearings on the Boulder and group homes and the waiting lists they had for them, are they talking about the same type of individuals and waiting lists now? Ms. Volinkaty stated they were talking about half of the projects serving those kinds of people, the other half would not be so severely involved. Rep. Grady asked how many statewide would be eligible for something like this? Ms. Volinkaty stated they have 1,066 people currently on the waiting list. With House Bill 100 they feel that 85 will be taken care of.

Representative Cody asked if this is the same as the Farm in the Dell that the Human Service Subcommittee voted towards? Ms. Volinkaty stated no it is not but it is similar in concept to case management that was used in Butte and Lewistown.

Representative Bardanoue stated the humanitarian aspect is fine for these programs but then there are the University budgets and they don't provide nearly as much money per year for the young people as they do for these handicapped people? He

wonders at how they weigh their values, how they use their resources.

Closing by Sponsor:

Representative Hannah stated he has come to the position that he believes part of the responsibility of the state of Montana is towards the developmentally disabled who fall into the category of truly needy.

HEARING ON HOUSE BILL 609

"AN ACT ESTABLISHING A WATER QUALITY REHABILITATION ACCOUNT; REQUIRING THAT FINES AND CIVIL PENALTIES COLLECTED FOR VIOLATIONS OF TITLE 75, CHAPTER 5, BE DEPOSITED IN THE WATER QUALITY REHABILITATION ACCOUNT; AUTHORIZING THE DEPARTMENT OF HEALTH AND ENVIRONMENTAL SCIENCES TO SPEND THE FUNDS IN THE ACCOUNT; PROVIDING FOR STATUTORY APPROPRIATION; PROVIDING THAT COSTS AND EXPENSES RECOVERED BY THE DEPARTMENT UNDER SECTION ~~15-5-635~~ 75-5-635 MCA, THAT WERE FINANCED BY THE WATER QUALITY REHABILITATION ACCOUNT MUST BE DEPOSITED IN THE ACCOUNT; AMENDING SECTIONS 17-7-502, 75-5-634, AND 75-5-635, MCA; AND PROVIDING AN EFFECTIVE DATE."

Presentation and Opening Statement by Sponsor:

Representative Cohen, District 3, stated House Bill 609 establishes a water quality rehabilitation account, allows money to be used for clean-up or stabilization of a pollution event when the Department of Health cannot quickly identify a responsible party. Section 2 caps the fund at \$50,000 and allows no more than \$10,000 per year. Once the fund reaches \$50,000 the remaining money goes into the general fund. Also any amount over \$10,000 in any one year goes into the general fund. Section 3 provides for statutory appropriation which would allow the department to use this money immediately to respond to the kinds of emergencies that it was designed to take care of. Section 4 provides for reimbursement to the special fund by the responsible parties. There was a fiscal note that came out with the Bill.

Testifying Proponents and Who They Represent:

Stan Bradshaw, Montana Council Trout Unlimited

Proponent Testimony:

Mr. Bradshaw stated the fundamental purpose of this Bill is to simply provide the department of Health and Environmental Sciences with a source of money for which they can institute a quick response to a water pollution event in a situation where they cannot find quickly the responsible party or they simply don't know who the responsible party is. The reason for the cap was, in talking with the Health and

Environmental Sciences, Water Quality Bureau, they said that typically the kind of situation they have is something they can clean up with \$2,000 to \$4,000, the trick being able to have that money available immediately to stop the problem.

Testifying Opponents and Who They Represent:

None

Opponent Testimony:

None

Questions From Committee Members:

Representative Bradley stated she is tempted to go against this because she is perturbed with the way they keep messing around with the Department of Health budget. It's not because she is angry at the Department of Health but at the legislature for misusing other funds sent over there for similar kinds of purposes. For very good purposes they end up violating the law and using it to balance the budget by putting it in their administration. She would like to know it would not happen here. Mr. Bradshaw stated right now all of these monies that are collected go into the general fund and the difficulty that the Department of Health and Environmental Sciences has that when they come upon an event like this, usually an event that may not involve hazardous waste that may be covered under the Environmental Hazardous Waste Act. They don't have the mechanism in place for the funding to address this.

Representative Marks stated he understood their concern that was expressed but they just passed a Bill that zapped some special revenue accounts for the same reasons Representative Bradley addressed. Rep. Marks asked if they care if the money comes from fines or general fund? Mr. Bradshaw stated that was probably correct. Rep. Marks asked if they found one of these situations described would it be allowable under the Governor's emergency powers to spend some of that money? It has been allocated for major things such as fire, etc. Mr. Bradshaw stated that may be a source as long as there is not the constraint they have to declare a disaster or emergency.

Representative Grady asked if they did go out and use these funds and found out somebody was at fault and then they had to pay for it, would it revert back? Mr. Bradshaw stated there is a reversion in the Bill which says if there is a responsible party they make this expenditure part of the remediation, that responsible party would have to put money back into the fund to bring it back up again.

Closing by Sponsor:

Representative Cohen stated in Section 4 it specifically says when you do identify the responsible party they must pay, plus some other fines and penalties depending on what the court says, that money would go back into this fund. However, if this fund builds up to the \$10,000 cap within a year or a total cap of \$50,000 then that money would go back to the general fund.

Representative Bardanoue announced the Hearing was closed.

Representative Spaeth referred to House Bill 44 and Rep. Swift moved to accept House Bill 44 as amended. Voted, passed unanimously.

Representative Spaeth referred to House Bills 45 and 47 and stated they were to be tabled and a motion was made to table HB45 and HB47. Voted, passed unanimously.

Representative Spaeth referred to Senate Bill 78 and the de-earmarking. Rep. Menahan moved to pass the amendment. Voted, passed. Rep. Cody voted no.

Representative Spaeth referred to Senate Bill 80 and Rep. Marks moved to Do Pass the amendment. Vote passed unanimously.

Representative Spaeth referred to Senate Bill 116, amendment to allow the legislative branch and the judicial branch to submit their budget to the Governor without change. Rep. Swift moved to table Senate Bill 116. Voted, passed. Five nays. Motion passed.

Representative Spaeth referred to Senate Bills 192 and 193, both legislative finance committees. Rep. Swift moved Do Pass on SB 192. Vote passed. Rep. Menahan moved Do Pass on SB 193. Voted, passed.

Representative Bardanoue stated these Bills should be carried on the floor. Rep. Bardanoue will carry Senator Regan's Bill 78. Rep. Peck will carry Senator Himsl's Bill 80. Rep. Cobb will carry both SB 192 and SB 193, Senator Jacobson's Bills.

Representative Spaeth referred to House Bill 296. Rep. Cody moved to table this Bill. Voted, passed.

Representative Marks moved to Table HB403 because it is incorporated. Rep. Cody asked if this is the Bill that they worked out some sort of compromise? It is included. Voted, passed.

Representative Spaeth referred to House Bill 530 and it has been incorporated in the University budget. Rep. Menahan moved that the Bill be tabled. Voted, passed.

Representative Spaeth referred to House Bill 756 that was incorporated. Representative Menahan moved to table. Voted, passed. Representatives Cobb, Marks, Connelly voted no.

Representative Thoft's Bill #463 added the amendment which strikes appropriation section. Rep. Thoft moved the amendment. Voted, passed. Rep. Thoft moved the Bill as amended. Voted, passed. Representatives Swift and Swysgood voted no.

Representative Spaeth referred to House Bill 373, Hannah, and was amended to read "the trips home, 5 instead of 4". Rep. Bradley moved the amendments on HB373. Voted, Passed. Rep. Bardanoue voted no. Representative Menahan moved Do pass as amended. Voted, passed. Roll call vote 11 Aye, 5 Nay.

Representative Spaeth referred to House Bill 325. Rep. Marks moved the Bill. Motion passed.

Representative Spaeth referred to House Bill 54. Rep. Menahan moved to do pass. Motion passed. Representatives Marks, Cobb and Swysgood voted no.

Representative Spaeth referred to House Bill 240. Rep. Menahan moved do pass. Roll call voted, failed. Rep. Thoft made a substitute motion to table HB 240. Voice vote passed.

Representative Spaeth referred to House Bill 390. Rep. Iverson moved do pass. Vote passed. Rep. Cobb voted no.

Representative Spaeth referred to House Bill 532. Rep. Bradley moved to table. Vote passed. Rep. Nisbet voted no.

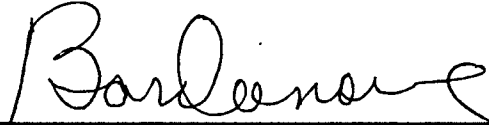
Representative Spaeth referred to House Bill 692. Rep. Bradley moved to table. Vote passed. Rep. Nisbet voted no.

Representative Spaeth referred to House Bill 469. Rep. Marks stated he recalled this Bill is asking for funding for two monitoring stations that are not to be funded by industry. Rep. Thoft asked the analyst to check the RIT. Rep. Swysgood stated they funded \$50,000 last time and he thinks it is an appropriate figure this time. Rep. Marks stated they worked together on this project and it was in relation to Rep. Hannah's Bill which passed last time. If these people don't start trusting each other then there is no reason for the legislature to start sending money down there. Rep. Bardanoue suggested they defer action on this.

Representative Bradley moved to table House Bill 758. Vote passed. Representatives Nisbet and Kimberley voted no.

ADJOURNMENT

Adjournment At: 6:39 p.m.

A handwritten signature in cursive script, appearing to read "Bardanouve", written over a horizontal line.

REP. FRANCIS BARDANOUE, Chairman

FB/sk

5802.min

DAILY ROLL CALL

HOUSE APPROPRIATIONS

COMMITTEE

51st LEGISLATIVE SESSION -- 1989

Date

3/13/89

NAME	PRESENT	ABSENT	EXCUSED
REPRESENTATIVE BARDANOUVE	✓		
REPRESENTATIVE SPAETH	✓		
REPRESENTATIVE PECK	✓		
REPRESENTATIVE IVERSON	✓		
REPRESENTATIVE SWIFT	✓		
REPRESENTATIVE QUILICI	✓		
REPRESENTATIVE BRADLEY	✓		
REPRESENTATIVE PETERSON	✓		
REPRESENTATIVE MARKS	✓		
REPRESENTATIVE CONNELLY	✓		
REPRESENTATIVE MENAHAN	✓		
REPRESENTATIVE THOFT	✓		
REPRESENTATIVE KADAS	✓		
REPRESENTATIVE SWYSGOOD	✓		
REPRESENTATIVE KIMBERLEY	✓		
REPRESENTATIVE NISBET	✓		
REPRESENTATIVE COBB	✓		
REPRESENTATIVE GRINDE	✓		
REPRESENTATIVE CODY	✓		
REPRESENTATIVE GRADY	✓		

STANDING COMMITTEE REPORT

March 14, 1989

Page 1 of 4

Mr. Speaker: We, the committee on Appropriations report that HOUSE BILL 44 (first reading copy -- white) do pass as amended.

Signed: Francis Bardanouve, Chairman

And, that such amendments read:

1. Title, lines 5 and 6.
Strike: "DEFINING" on line 5 through ";" on line 6
2. Title, line 7.
Strike: "INTERACCOUNT"
Insert: "INTERENTITY"
3. Title, lines 7 and 8.
Strike: "BY" on line 7 through "CENTERS" on line 8
Insert: "WITHIN STATE GOVERNMENT"
4. Page 1, line 14.
Strike: "interaccount"
Insert: "interentity"
5. Page 1, line 16.
Strike: "accounts"
Insert: "accounting entities"
6. Page 1, line 18.
Strike: "account"
Insert: "accounting entity"
7. Page 1, line 21.
Following: "money"
Insert: "or loans"

8. Page 1, line 24.

Following: "(2)"

Insert: "(a)"

Following: "appropriation"

Insert: "from a fund designated in 17-2-102(a) through (1)(c)"

9. Page 1, line 25.

Strike: "account"

Insert: "accounting entity"

10. Page 2, line 2.

Following: "authorize"

Strike: "a" through "as"

Following: "loan"

Insert: ","

11. Page 2, line 3.

Strike: "moneys"

Insert: "money"

12. Page 2, line 4.

Strike: "accounts" through "that"

Insert: "accounting entities if"

13. Page 2, lines 5 and 6.

Strike: "restore" on line 5 through "transferred" on line 6

Insert: "repay the loan"

14. Page 2, line 6.

Strike: "provided"

Insert: "if"

15. Page 2, line 7.

Following: "."

Insert: "An accounting entity receiving a loan or an accounting entity from which a loan is made may not be so impaired that all proper demands on the accounting entity cannot be met even if the loan is extended."

(b)(i) When an expenditure from a fund or subfund designated in 17-2-102(1)(d)(i)(A) through (1)(d)(vi) is necessary and the cash balance in the fund or subfund from which the expenditure is to be made is insufficient, the commissioner of higher education may authorize a temporary loan, bearing interest as provided in subsection (4), of money from the agency's other funds or subfunds if there is reasonable evidence that the income will be sufficient to repay the loan within 1 calendar year and if the loan is recorded in the state accounting records. A fund or subfund receiving a loan or from which a loan is made may not be so

impaired that all proper demands on the fund or subfund cannot be met even if the loan is extended.

(b) (ii) One accounting entity within each fund or subfund designated in 17-2-102(1) (d) (i) (A) through (1) (d) (vi) must be established for the sole purpose of recording loans between the funds or subfunds. This accounting entity is the only accounting entity within each fund or subfund that may receive a loan or from which a loan may be made."

Strike: "The"

Insert: "(c) A"

Following: "loan"

Insert: "made under subsection (2) (a) or (2) (b) "

16. Page 2, lines 10 through 12.

Strike: "No" on line 10 through "." on line 12

17. Page 2, line 14.

Following: "administration"

Insert: "or the board of regents"

18. Page 2, lines 14 and 15.

Following: "extension" on line 14

Strike: "of" through "loan" on line 15

19. Page 2, line 15.

Following: "year"

Insert: "for a loan made under subsection (2) (a) or (2) (b) "

Strike: "department" through "administration"

Insert: "director or board"

20. Page 2, line 21.

Following: "from"

Strike: "the" through "or"

21. Page 2, lines 22 and 23.

Strike: "subsections" on line 21 and "(1) (d) (i) (C) ," on line 23

Insert: "17-2-102"

22. Page 2, line 23.

Following: "(1) (d) (i) (D) "

Strike: ", "

23. Page 2, line 24.

Strike: "of" through "shall"

Insert: "must"

24. Page 3.

Following: line 6

Insert: "(5) If for two consecutive fiscal years a loan or an extension of a loan has been authorized to the same accounting entity as provided in subsection (2) or (3), the department of administration or the commissioner of higher education shall submit to the legislative finance committee by September 1 of the following fiscal year a written report containing an explanation as to why the second loan or extension was made, an analysis of the solvency of the accounting entity or accounting entities within the university fund or subfund, and a plan for repaying the loans.

(6) If for two consecutive fiscal years an accounting entity in a fund or subfund designated in 17-2-102(1)(d)(i) through (1)(d)(vi) has a negative cash balance, the commissioner of higher education shall submit to the legislative finance committee by September 1 of the following fiscal year a written report containing an explanation as to why the accounting entity has a negative cash balance, an analysis of the solvency of the accounting entity, and a plan to address any problems concerning the accounting entity's negative cash balance or solvency."

25. Page 3, line 7.

Strike: "(5) No" and "account"

Insert: "(7)(a) An accounting entity in a fund designated in 17-2-102(1)(a) through (1)(c)"

Following: "may"

Insert: "not"

26. Page 3, line 9.

Strike: "an account"

Insert: "an accounting entity"

27. Page 3, line 12.

Strike: "balances"

28. Page 3, line 13.

Strike: "of" through "do"

Insert: "balance does"

29. Page 3.

Following: line 20

Insert: "(b)(i) Except as provided in subsection (7)(b)(ii), a unit of the university system or vocational-technical center shall maintain a positive cash balance in the funds and subfunds designated in 17-2-102(1)(d)(i)(A) through (1)(d)(i)(D) and (1)(d)(ii) through (1)(d)(vi).

(ii) If a fund or subfund inadvertently has a negative cash balance, the department of administration may allow the

fund or subfund to carry the negative cash balance for no more than 7 working days. If the negative cash balance exists for more than 7 working days, a transaction may not be processed through the statewide accounting system for that fund or subfund."

30. Page 3, line 21.

Strike: "(6)"

Insert: "(8)"

31. Page 4, lines 8 through 23.

Strike: subsections (7) and (8) in their entirety

STANDING COMMITTEE REPORT

3-11-89
15
✓
March 14, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that
Senate Bill 78 (third reading copy -- blue) be concurred in .

Signed: _____
Francis Bardanouve, Chairman

[REP. BARDANOUE WILL CARRY THIS BILL ON THE HOUSE FLOOR]

STANDING COMMITTEE REPORT

March 14, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that Senate Bill 192 (third reading copy -- blue) be concurred in.

Signed: Francis Bardanouve, Chairman

[REP. COBB WILL CARRY THIS BILL ON THE HOUSE FLOOR]

STANDING COMMITTEE REPORT

March 14, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that Senate Bill 193 (third reading copy -- blue) be concurred in.

Signed: Francis Bardanouve, Chairman

[REP. COBB WILL CARRY THIS BILL ON THE HOUSE FLOOR]

3-14-89
15
2

STANDING COMMITTEE REPORT

March 14, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that Senate Bill 80 (third reading copy -- blue) be concurred in.

Signed: Francis Bardanoue, Chairman

[REP. PECK WILL CARRY THIS BILL ON THE HOUSE FLOOR]

STANDING COMMITTEE REPORT

March 14, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that House Bill 463 (first reading copy -- white) do pass as amended .

Signed: _____
Francis Bardanouve, Chairman

And, that such amendments read:

1. Title, line 15.
Strike: "PROVIDING AN APPROPRIATION;"
2. Page 14, lines 2 through 19.
Strike: section 3 in its entirety
Renumber: subsequent sections

STANDING COMMITTEE REPORT

March 14, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that House Bill 373 (first reading copy -- white) do pass as amended .

Signed: Francis Bardanouve
Francis Bardanouve, Chairman

And, that such amendments read:

1. Title, lines 4 and 5.

Strike: "THE" on line 4 through "AND" on line 5

2. Title, lines 8 and 9.

Strike: "PROVIDING" on line 8 through "1989," on line 9

3. Pages 1 and 2, line 24 on page 1 through line 1 on page 2.

Strike: "A DAILY" on page 1, line 24 through "AS AMENDED" on page 2, line 1

Insert: "\$50 a day"

4. Page 2 and 3, lines 22 on page 2 through 14 on page 3.

Strike: section 2 in its entirety

Renumber: subsequent section

STANDING COMMITTEE REPORT

March 14, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that
House Bill 325 (first reading copy -- white) do pass .

Signed: _____
Francis Bardanouve, Chairman

STANDING COMMITTEE REPORT

March 14, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that
House Bill 54 (first reading copy -- white) do pass.

Signed: _____
Francis Bardanoue, Chairman

STANDING COMMITTEE REPORT

March 14, 1989

Page 1 of 1

Mr. Speaker: We, the committee on Appropriations report that
House Bill 390 (first reading copy -- white) do pass .

Signed: _____
Francis Bardanouve, Chairman

EXHIBIT 1
DATE 3-13-89
HB 433

Testimony on HB 433

Historic Sites System Improvement Commission

Mr. Chairman
Members of the Committee

My name is Gloria Hermanson, I reside in Helena. I represent the Montana Cultural Advocacy, a broad, statewide cross-section of citizens committed to the development of our Cultural Resources.

The preservation and maintenance of Montana's historic sites is important. It is also important to make sure it is done in an efficient and appropriate manner. We believe that an interim study commission will help to accomplish that in the least costly way.

We urge your support of HB 433.

What You Should Know About TDDs

Telecommunication Devices for the Deaf (TDDs) are growing in popularity daily. A TDD lets a deaf person make a telephone call directly to another person having similar equipment, without the need for an interpreter, since the conversation is typed through one machine to another machine instead of spoken. Here's a brief summary of what TDDs can do and how they can help a deaf person. This information was adapted from **Telephone Training for the Deaf** by Dr. Diane L. Castle (publisher, Alexander Graham Bell Association for the Deaf, Washington, D.C.).

Selecting a TDD

Choosing the right TDD depends on your needs and the environment in which you'll use the TDD. For example, if you have vision problems you may want to choose a TDD with large, clear print. If you have limited space in your home or office, you may select a small TDD that is very quiet. Before buying a TDD, try out different kinds of equipment. Think about the advantages and disadvantages of each piece of equipment. Decide what features are important to you.



TDDs can be portable, semi-portable, or non-portable, depending upon your needs, and can cost from approximately \$230 to \$1,000. Some have a paper print-out and some have large visual display areas so you can actually see the conversation.

For more information about TDDs, contact other deaf TDD users and Telecommunications for the Deaf, Inc. (TDI), 814 Thayer Avenue, Silver Spring, MD 20910. TDI is a non-profit organization with regional representatives who can inform hearing or hearing-impaired persons about different TDDs and couplers and how they can be obtained. Also, TDI publishes a special telephone directory that lists TDD telephone numbers for persons living in the United States and in other countries.



Decide which kind of TDD you want to order: portable or not, paper copy or not, mechanical or electronic. Contact your TDI representative or write directly to one of the companies listed at the end of this brochure. In some states, you can rent a TDD from the telephone company. Call the business office to find out information about renting TDD equipment from the telephone company.

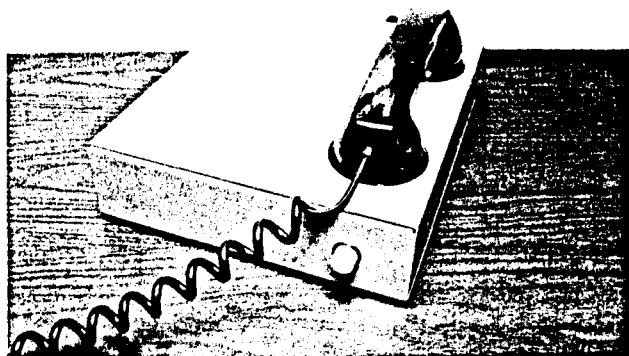


You May Need Additional Equipment

Some telephones won't work with some TDDs. For example, the Slimline or Trimline telephones won't work with reconditioned TDDs. Some TDDs need the standard telephone Series 500 handset to assure transmitting the strongest signal, especially for long-distance calls. You can use a wall or desk telephone. Ask for a private line. Until several years ago, most TDD owners requested an unlisted phone number so they would not be bothered by receiving voice calls. Recently some TDD owners have listed their name and phone number, without the address, in the telephone directory with the

What You Should Know About TDDs

letters TDD. This plan makes it possible to find TDD numbers in the standard directory.



An acoustic coupler allows the TDD to send and receive typed messages through standard telephone lines. If your TDD does not have a built-in coupler, you need a separate coupler. Order it from your TDI representative or directly from a company that sells couplers.

Most deaf people need a light attached to the telephone to let them know when the telephone is ringing. You can order a signal light from the telephone company when you have your telephone installed. The telephone company will charge a monthly rental for the signal light. This cost will be listed on your telephone bill. You may prefer to buy a signal light from one of several different companies, from a hearing aid dealer, or from your TDI representative. For more information about signaling devices, write for a free copy of **Signaling Devices for the Hearing Impaired**, available from the Alexander Graham Bell Association for the Deaf, 3417 Volta Place N.W., Washington, DC 20007.

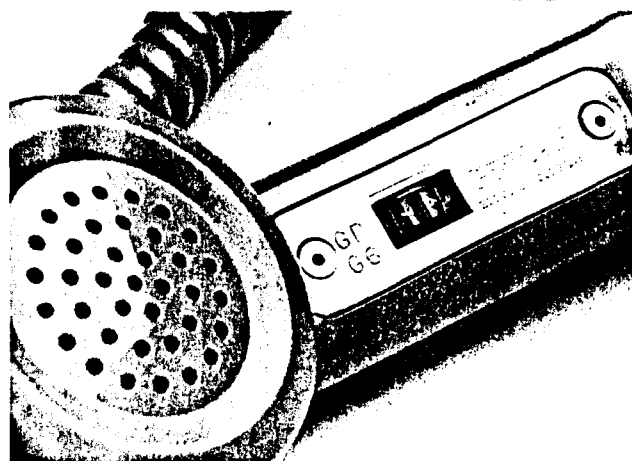
Troubleshooting

TDD calls usually go smoothly, but sometimes problems do occur. It is frustrating to continue a TDD call when the printed message is mixed up. If you understand how different problems can occur, perhaps you will be able to prevent them.

Problem: Using the wrong handset

The older, reconditioned TDD equipment requires a 500 series telephone handset. The 500 series handset has a magnetic conductive microphone. The magnetic microphone gives the strongest transmission of the tones through the telephone. If you are using the wrong telephone handset, you may get a confused message (scrambled letters and numbers). However, some of the

new portable TDDs will transmit typed messages through any style telephone handset.



Problem: The amplifier is not on zero

If you have a volume control dial (amplifier) on your telephone, be sure the amplifier is set on zero. If the amplifier volume is turned higher, you can pick up other sounds in the room which will put extra letters and numbers in your message.

Problem: A bad connection

A bad connection can affect the transmission of sound through the telephone. A bad connection can occur when you talk or type over the phone. If you have a bad connection, your TDD conversation may be confused with extra letters and numbers. You should be able to get a better connection if you hang up and dial again. Before you hang up, explain to the other person that you cannot understand their message. Tell the person that you will call back immediately, or ask the other person to call you back immediately.

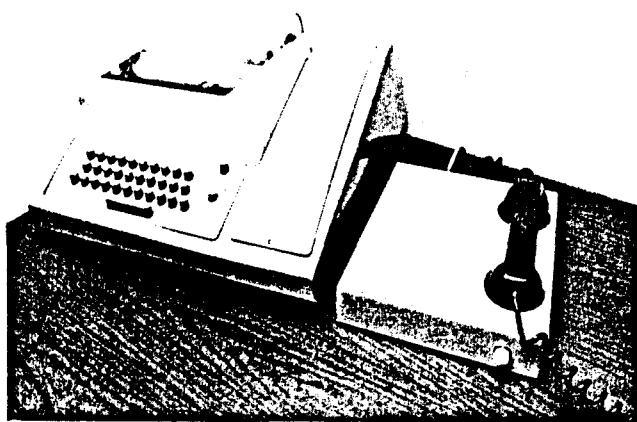
Problem: An old coupler

Many old couplers, purchased for reconditioned equipment, may no longer work correctly. For technical reasons, the coupler does not transmit the TDD code accurately. Therefore, the message is not received clearly. Often, the coupler can't be repaired and the best solution is to buy a new coupler.

Problem: The person did not shift back to letters after using numbers

Like a typewriter, the TDD has a shift key on each side of the keyboard. On the TDD keyboard, these keys may be labeled shift (SHIFT), or figures (FIGS) and letters (LTRS). Press the key to type numbers or characters

printed on the upper part of the key. On some TDDs you must press the key again to change back to letters. Sometimes the person sending the message will forget to press the shift or letters key after using numbers in the message. The message from that point on is a confusion of numbers and punctuation marks. If this happens, explain the problem and tell the person to press the shift or letters key. Sometimes you can press the shift key on your TDD to clear up some of the confused message.



Problem: The mechanical TDD did not start at the left margin

Both people, the caller and the answerer, should begin typing at the left-hand side of the paper or display area. If both people do not begin at the left margin, the letters on one TDD may print on top of each other. For example, one TDD begins at the left-hand margin and another TDD begins at the middle of the line. The TDD starting in the middle of the line will reach the end of the line first. The letters will be printed on top of each other. Before starting a conversation, press the line feed/return keys to be sure you are starting at the left margin.

Problem: The person did not press the line feed/return keys at the end of each line

If you are using a mechanical TDD that requires using the line feed/return keys, you must press line feed/return at the end of each line. Sometimes a person sending the message forgets to press the line feed/return keys at the end of the line. The person receiving the message sees each letter printing on top of the last one. The person receiving the message can quickly press the line feed/return keys to save some of the message from piling up at the end of the line. However, it is the responsibility of the person sending the message to press the line feed/return keys.

Problem: Using a backspace key when both TDDs don't have it

Several of the electronic TDDs have a backspace key. This key can be used instead of typing XX for a spelling mistake. However, both people need to use a TDD that has the backspace key. Otherwise the message is confused.



A New Trend: The Superphone

New TDDs have many fine features you may find attractive. Before you buy a TDD, be sure you are up-to-date on the many new features available today. For example, many TDDs now have one key that can be used to type GA, SK, or XX. As an example of the new electronics currently being built into TDDs, consider one very interesting TDD, called the Superphone. Ultratec, Inc. introduced this TDD product that can be used to call any hearing person—and the hearing person doesn't even need a TDD. That means any deaf person can call a doctor, a hospital, the police, or fire department in an emergency without needing a TDD on the receiving end. Here are two of its features, as described in the company's literature. (We're not making claims...only passing the information along to you.)

Voice Output

The Superphone can be made with an optional electronic voice. This voice sounds like a person talking. When words are typed by the deaf person on the Superphone, the words are spoken into the telephone by the electronic voice. Using this special TDD, a deaf person who cannot use his speech can call a hearing person and type a message on the Superphone. The message is spoken into the telephone by the electronic voice. The hearing person listens to the message. When it is the hearing person's turn to talk, the hearing person

types a reply using the Touch-Tone keys on his telephone. Only the deaf person needs the Superphone. The hearing person does **not** need a TDD.

Touch-Tone Signals

The Superphone can be made with an optional feature for receiving signals from Touch-Tone telephones. Using this TDD, the deaf person can call a hearing friend or family member who does not have a TDD. The deaf person who can use his speech can talk to the hearing person. When it is the hearing person's turn to respond, the hearing person uses the keys on his Touch-Tone telephone to type a message. The Superphone receives the Touch-Tone signals and puts the letters on the Superphone screen. The deaf person can now read the message.



Baudot and ASCII Codes

Superphone contains all the necessary electronics for transmitting and receiving both BAUDOT (5-level) and also ASCII (8-level) codes. The BAUDOT mode transmits at 60 words per minute using the standard frequencies for the deaf TTY/TDD network. The ASCII mode allows the user to originate a call from the Superphone to any ASCII system equipped with an answer modem. The user may call computer systems, information systems, and generally use the Superphone as a computer terminal.

1,000 Character Memory

Superphone has 1,000 characters of memory that can be used to save all or portions of a TDD conversation. The memory may be used to store a message before the call is made. The message can then be transmitted at maximum speed, thereby saving time and long-distance costs. Also, the memory can be used for transmitting emergency messages. The memory can be expanded to 2,000 characters.

Telephone Lamp Flasher

Superphone contains a magnetic sensor which detects when the telephone is ringing. A lamp may be plugged into the socket that is built into the Superphone charger and a light will flash when the telephone rings.

Sensitivity Control

Many times long-distance calls or bad connections cause trouble during TDD conversations. The Superphone has a sensitivity control which lets the user adjust for weak telephone signals.

Printer

Superphone may be equipped with its own printer or connected to an external printer. Many printers are available which will connect to Superphone for this purpose. These printers may be purchased through Ultratec or locally for convenient maintenance.

Sources for TDDs

American
Communication Corp.
180 Roberts Street
East Hartford, CT 06108
Voice and TDD: 203-289-3491

C-Phone, Inc.
553 Wolfner Drive
Fenton, MI 63026
Voice and TDD: 314-343-5883

CYBERTECH, Inc.
P.O. Box 543
Thornhill, Ontario,
Canada L3T 4A2
Canadian TDD

Krown Research, Inc.
6300 Arizona Circle
Los Angeles, CA 90045
Voice and TDD: 213-641-4306

Northern Telecom, Inc.
Advanced Telephone
Products Division
640 Massman Drive
Nashville, TN 37210
Voice: 615-883-9220
TDD: 615-889-1627

Phone-TTY Incorporated
202 Lexington Avenue
Hackensack, NJ 07410
Voice and TDD: 201-489-7889

Plantronics
345 Encinal Street
Santa Cruz, CA 95060
Voice and TDD: 408-462-5606

Specialized Systems, Inc.
11339 Sorrento Valley Road,
Dept. TBJ
San Diego, CA 92121
Voice: 714-481-6000
TDD: 714-481-6060

Ultratec, Inc.
P.O. Box 4062
Madison, WI 53711
Voice and TDD: 608-273-0707

Weitbrecht
Communications, Inc.
655 Skyway, Suite 230
San Carlos, CA 94070
Voice: 415-592-1622
TDD: 415-592-1623

**For more information about
TDDs, contact:**

**Telecommunications for the
Deaf, Inc. (TDI)**
814 Thayer Avenue
Silver Spring, MD 20910
Voice and TDD: 301-589-3006

California Relay Service

- The California Relay Service (CRS) began operating January 1, 1987. The CRS was established by Legislative act in 1983. The "Telecommunication Devices for the Deaf (TDD) Relay System Act" (Chapter 741), adding Section 2881(b) to the Public Utilities Code requires that the California Public Utilities Commission (CPUC) implement a dual party relay system using third party intervention to connect deaf or severely hearing-impaired persons with persons of normal hearing using the telephone systems within the State of California. Any additional Legislative or Public Utilities information can be obtained by writing CPUC, 505 Van Ness Ave, Room 2002, San Francisco, CA 94102.
- The CRS is open 24 hours a day, 7 days a week. There are 120 positions, 2 Managers, 16 Group Managers, 2 clerks and approximately 227 Communications Assistants. Call volumes are in excess of 6600 calls per day with 7 minutes average talk time per call. All calls placed by the CRS must originate, terminate and be billed within the State of California.
- Toll free 800 (California originated only) numbers are available to connect to the service. Calls are billed at AT&T and/or Local Telephone Company direct dial, or operator handled rates, as appropriate. For example, a call from San Francisco to Sacramento will be billed at the direct dial rate. There are no charges to the calling customer for the connection to the CRS, or for the connection from the CRS to the called party.
- In addition to the technical training, the CRS personnel receive training in the following areas: cultural and linguistic differences between the deaf community and the hearing community; an understanding of how ASL (American Sign Language) and English vary in written form; interpreting and transliterating ASL; coping with difficult situations; and code of conduct, ethics and confidentiality.
- An essential part of telephone service is privacy. CRS personnel must keep all conversations confidential and never give a customer reason to believe that conversations, or the nature of any message, will become known to anyone else through any fault of the CRS or its personnel. The CRS is committed to this policy.
- In order to protect the confidentiality of the users and the specialized nature of CRS communications, there are no public tours permitted.
- CRS does not try to judge whether a call is either obscene or illegal. Enforcement of such a practice is contrary to an individual caller's right to free speech. However, if obscenities or abusive remarks are directed to the CRS Assistant, the Assistant will request the caller to stop, if the caller continues, the Assistant will notify a Manager prior to terminating the call.
- CRS has a public office available to deaf or severely hearing-impaired customers. The hours are 8:00 am - 5:00 pm, 7 days a week. The public office has 2 booths, equipped with TDD's, so that the public can place calls to other TDD's or the CRS. All calls placed from the public office require alternate billing: Collect, Calling Card, or Bill to Third number (billing is verified prior to placing the call and must be a California billing number).
- In instances where the CRS receives an emergency call, the CRS Assistant directs the caller to hang up and dial 9-1-1. 9-1-1 is a statewide emergency number for all agencies. The 9-1-1 emergency number has TDD capability and should be called in the event of an emergency. This instruction is given for the users' benefit because dialing 9-1-1 is faster and safer.
- CRS does not replace the TDD/TTY operator used today. (The TDD/TTY operator assists on calls from TDD to TDD only.) A customer should continue to call the TDD operator for: calls placed from a TDD to a TDD that require operator assistance or alternate billing; assistance reaching a number if there are problems with a call; credit in the event of problems on a direct-dial call; telephone numbers not found in the telephone book; and reporting any other telephone service problems.
- The service is funded in part by the surcharge (Communications Devices Funds for Deaf and Disabled) that appears on all California subscribers telephone statements.

THE NATIONAL INFORMATION CENTER ON DEAFNESS GALLAUDET COLLEGE

ESTIMATES OF THOSE WITH HEARING LOSSES

Geographic Area	Total General Population *	Hearing Impaired	Significant Bilateral Loss	Deaf	Prevocatonally Deaf
NORTHEAST U.S.					
Maine	1,124,000	67,000	29,000	8,000	2,000
New Hampshire	919,000	55,000	23,000	6,000	2,000
Vermont	511,000	31,000	13,000	4,000	1,000
Massachusetts	5,728,000	342,000	146,000	40,000	10,000
Rhode Island	946,000	57,000	24,000	7,000	2,000
Connecticut	3,094,000	185,000	79,000	22,000	5,000
New York	17,508,000	1,046,000	446,000	122,000	30,000
New Jersey	7,342,000	439,000	187,000	51,000	13,000
Pennsylvania	11,828,000	707,000	301,000	82,000	20,000
NORTHCENTRAL U.S.					
Ohio	10,772,000	707,000	363,000	104,000	26,000
Indiana	5,461,000	358,000	184,000	53,000	13,000
Illinois	11,355,000	745,000	383,000	110,000	27,000
Michigan	9,239,000	606,000	311,000	89,000	22,000
Wisconsin	4,694,000	308,000	158,000	45,000	11,000
Minnesota	4,049,000	267,000	137,000	39,000	10,000
Iowa	2,909,000	191,000	98,000	28,000	7,000
Missouri	4,906,000	322,000	165,000	47,000	12,000
North Dakota	652,000	43,000	22,000	6,000	2,000
South Dakota	688,000	45,000	23,000	7,000	2,000
Nebraska	1,565,000	103,000	53,000	15,000	4,000
Kansas	2,356,000	155,000	79,000	23,000	6,000
SOUTHERN U.S.					
Delaware	595,000	40,000	20,000	5,000	1,000
Maryland	4,198,000	286,000	143,000	38,000	8,000
Washington, DC	635,000	43,000	22,000	6,000	1,000
Virginia	5,323,000	362,000	181,000	48,000	10,000
West Virginia	1,931,000	131,000	66,000	17,000	4,000
North Carolina	5,848,000	398,000	199,000	52,000	11,000
South Carolina	3,070,000	209,000	105,000	27,000	6,000
Georgia	5,404,000	368,000	184,000	48,000	11,000
Florida	9,580,000	652,000	326,000	86,000	19,000
Kentucky	3,643,000	248,000	124,000	33,000	7,000
Tennessee	4,544,000	309,000	155,000	41,000	9,000
Alabama	3,870,000	263,000	132,000	35,000	8,000
Mississippi	2,511,000	171,000	86,000	22,000	5,000
Arkansas	2,284,000	155,000	78,000	20,000	4,000
Louisiana	4,200,000	286,000	143,000	38,000	8,000
Oklahoma	3,001,000	204,000	102,000	27,000	6,000
Texas	14,174,000	965,000	483,000	127,000	28,000
WESTERN U.S.					
Montana	784,000	56,000	29,000	7,000	2,000
Idaho	944,000	68,000	35,000	9,000	2,000
Wyoming	469,000	34,000	17,000	4,000	1,000
Colorado	2,882,000	207,000	106,000	27,000	6,000
New Mexico	1,295,000	93,000	48,000	12,000	3,000
Arizona	2,719,000	195,000	100,000	25,000	5,000
Utah	1,459,000	105,000	54,000	14,000	3,000
Nevada	800,000	57,000	29,000	7,000	2,000
Washington	4,115,000	295,000	151,000	38,000	8,000
Oregon	2,618,000	188,000	96,000	24,000	5,000
California	23,545,000	1,688,000	864,000	219,000	46,000
Alaska	400,000	29,000	15,000	4,000	1,000
Hawaii	965,000	69,000	35,000	9,000	2,000

* U.S. Bureau of the Census, April 1980.

Hearing Impaired - any degree of hearing loss in one or both ears.

Significant Bilateral Loss - those hearing impaired who have substantial difficulty hearing in both ears.

Deaf - cannot hear and understand speech.

Prevocatonally Deaf - those who became deaf prior to 19 years of age.

Prepared by: Office of Demographic Studies, Gallaudet College, Washington, DC.

STATE TDD DISTRIBUTION PROGRAMS & RELAY SERVICES

PAGE 1

JURISDICTION	LAW	PUC	FUNDED BY	ELIGIBLE			PROVIDES						LIMITATIONS AND STATUS
				DEAF	HH	OTH	TDD	FLASH	3DPTY RELAY	AMPS	BRAILLE	OTHER	
CALIFORNIA	X		-SURCHARGE ON TEL LINE OF .03 PER MONTH. -SB 60 AUTHORIZES NEW CAP OF .10 PER LINE PER MONTH.	X	X	X	X	X	X	X	X	X	-TDDS & SIGNALLERS, MESSAGE RELAY CURRENTLY PROVIDED. -DISTRIBUTION OF OTHER DEVICES PENDING ACTION OF PUC. -APPROX 16,500 TDDS DISTR THRU 12/86. -AGENCIES SERVING DEAF MAY REQUEST APPROVAL FOR TDDS.
CONNECTICUT	X		-SNETCO GIVES \$100,000 A YEAR FOR 5 YEARS (EXP. 12-86) -ALTERNATE FUNDING BEING SOUGHT.	X			X	X	NOTE 1		NOTE 2		-LIMITED FUNDS REQUIRED PRIORITIES. APPROX. 775 TDDS DISTRIBUTED BY 12/31/86.
RHODE ISLAND	X		-A .30 surcharge for 6 months on residence phones. (Note 3)	X			X	X	NOTE 8		X	X Note 8	-DVR SUPERVISION. APPROX. 400 TDDS DISTRIBUTED (2/87) ABOUT 100 MORE BY 3/31/87)
ARIZONA	X		-SURCHG VIA EXCISE TAX ON TEL LINES (NOTE 7)	X			X	X	X		X		-COUNCIL ON DEAF & HI ADMINST. -MESSAGE RELAY BEGINS 3/15/87 -APPROX. 1200 TDDS DIST (2/87)
NEVADA	X		-SURCHG ON TEL LINES (NOTE 3)	X			X	X	NOTE 9				-DEPT OF VOC REHAB ADMINIST. -APPROX. 250 TDDS DIST (2/87) -AGENCIES MAY APPLY.
FLORIDA	X		-INITIAL FUNDING IS \$550,000 FROM A PUC FUND. ADDED FUNDING BEING SOUGHT.	X NOTE 4	X		X	X	X NOTE 5	X			-COUNCIL OF DEAF & HI ADMINST. -INITIAL TDDS WILL BE DISTRIBUTED BEGINNING 3/15/87. -MESSAGE RELAY BEING STUDIED.
ILLINOIS	X		-SURCHARGE ON ALL TEL LINES (NOTE 3)	X			X	X	X NOTE 6				-RULEMAKING & HEARINGS WITH SCC, ITA, & DEAF ADVOCATES HELD. REOPENED TO INCLUDE DISCUSSION OF NEW TECHNOLOGY.

NOTES:

1. MESSAGE RELAY PROVIDED BY CONVERSE COMMUNICATIONS AND FUNDED BY COMM ON DEAF AS LINE ITEM -LAW NOW REQUIRES MESS REL.
2. COMM PLANNING LIMITED DISTRIBUTION OF TELE-BRAILLE UNITS WITHIN BUDGET CONSTRAINTS.
3. RI, NEV AND ILL HAVE LAWS SIMILAR TO INITIAL CALIFORNIA LEGISLATION.
4. FLA COVERS SPEECH-IMPAIRED ALSO SPECIFIES LAW AND EMERGENCY ORGANIZATIONS MUST GET TDDS AT DEPARTMENTAL EXPENSE.
5. FLA LEGISLATURE BEING ASKED TO FUND A COMPREHENSIVE MESSAGE RELAY STUDY.
6. ILL COMMERCE COMMISSION WILL HOLD HEARINGS ON MESSAGE RELAY SERVICES -SOME AGENCIES WILL GET TDDS UNDER PROGRAM.
7. ARIZ INCLUDES SPEECH-IMPAIRED. EACH YR AMOUNT OF TAX TO BE COLLECTED WILL BE DETERMINED. TAX EXPIRES 6-30-88.
8. RI ADVISORY BOARD TO STUDY MESSAGE RELAY. RI COVERS SPEECH-IMPAIRED & NEURO-MUSCULAR IMPAIRMENTS.
9. NEV DVR ALSO FUNDS 24 HR RELAY ON CONTRACT BASIS IN MAJOR POPULATION AREAS.

STATE TDD DISTRIBUTION PROGRAMS & RELAY SERVICES

PAGE 2

JURISDICTION	LAW	PUC	FUNDED BY	ELIGIBLE			PROVIDES						LIMITATIONS AND STATUS
				DEAF	HH	OTH	TDD	FLASH	3DPTY RELAY	AMPS	BRAILLE	OTHER	
WISCONSIN	X		-STATE FUNDING OF \$100,000 PER YEAR (BUDGET CUT TO \$80,000 7-1-86)	X	X		X	X		X	X		-ADM BY HEALTH & SOCIAL SVS. -VOUCHER PROGRAM \$600 PER FAMILY. EARNINGS LIMITATION TO QUALIFY. DEAF/BLIND MAY OBTAIN \$5500 PER FAMILY. -APPROX. 375 VOUCHERS BY 7/87
MASS.	X		-INITIAL \$15,000 TO PURCHASE 40 TDDS & SIGNALERS.COMMISSION TO SEEK ADDED FUNDING -RELAY SERVICE FUNDED SEPARATELY.	X			X	X	X				-COM FOR DEAF & HI ADMIN. -TDDS CAN BE LEASED, RENTED OR PURCHASED. MIN PRICE 50% OF PURCHASE OR WHOLESALE PRICE. -PRIORITY SYSTEM DUE TO LIMITED FUNDING. -43 TDDS & SIGNALERS (2/87)
NEW HAMPSHIRE	X		-AN INITIAL EQUIPMENT FUND OF \$4000. -APPLYING FOR RENEWAL.	X NOTE 1			X	X	X NOTE 3				-DVR ADMINISTRATORS. -INCOME LIMITATIONS & OTHER PRIORITIES. -LOANED WHILE IN STATE CANNOT BE A DVR CLIENT. -10 TDDS DISTRIBUTED (2/87).
OKLAHOMA	X		-SURCHARGE .05 PER MO. PER TELEPHONE LINE.	X NOTE 1			X	X	X		X		-DEPT HUMAN SVS ADMINISTRATORS. -FINANCIAL LIMITATION 200% OF FEDERAL GUIDELINES FOR NO CHARGE DISTRIBUTION. SLIDING SCALE OF FEES FOR OTHERS. -AFTER 3 YEARS USER ASSUMES OWNERSHIP OF TDDS. -CONTRACT BIDDING IN PROCESS.
MAINE	X		-COST SHARING PROGRAM FOR TDDS UP TO 50% PAID BY STATE. REMAINDER BY TOWNS, INDIVIDUALS & ORGS. -A SEPARATE PROGRAM FOR LOANERS.	X NOTE 1					NOTE 4				-BUREAU OF REHAB ADMINISTRATORS. -MAY OBTAIN MAX OF \$300 PER TDD FROM STATE. ALSO LOANERS AVAILABLE-SEPARATE PROGRAM. -APPROX. 250 TDDS THRU 3/87.
NEW YORK		X	-PUC ORDERED TELCOS TO PROVIDE MESSAGE RELAY AS PART OF SERVICE COSTS.	X					X				-HEARINGS AND STUDIES UNDER WAY TO DEVELOP PROVIDER RESPONSIBILITIES AND TO PROPOSE TECHNOLOGY.
UTAH	X		-SURCHARGE OF .03 PER MO. ON PHONE LINES.	X NOTE 1&2			X	X	X		X		-EFF DATE OF LEGISLATION IS APR 26, 1987. START-UP EST FOR 6-1-87. TWO YEARS TO COMPLETE. PROG BEING DESIGNED

NOTES:

1. SPEECH-IMPAIRED ALSO ELIGIBLE.

2. UTAH BILL BROADLY WORDED AND MAY INCLUDE HARD OF HEARING. THIS IS TO BE DETERMINED.

J. B. WELI JR.

PAGE 3

JURISDICTION	LAW	PUC	FUNDED BY	ELIGIBLE			PROVIDES						LIMITATIONS AND STATUS
				DEAF	HH	OTH	TDD	FLASH	3DPTY RELAY	AMPS	BRAILLE	OTHER	
MINNESOTA		X	-PUC DIRECTED NW BELL TO PROVIDE A PROGRAM OF NO-INTEREST LOANS FOR NW BELL RES CUST.	X	X	X							-CUSTOMER MAY BORROW UP TO \$1600 TO PURCHASE ASSISTIVE TELEPHONE DEVICES. APPLIES TO ALL DISABILITIES.
TEXAS			-TEXAS COM FOR DEAF PROVIDES RELAY SERV THROUGH CONTRACTS						X				-CONTRACTS WITH 23 COMMUNITY BASED NON-PROFIT ORGS TO PROVIDE RELAY SERVICES.
KANSAS			-KANSAS COMMISSION FOR THE DEAF PROVIDES MESSAGE RELAY SERVICE						X				-STATEWIDE TDD RELAY, MONDAY THROUGH FRIDAY, 8 AM UNTIL 5 PM.
SOUTH DAKOTA	X		-DVR PURCHASES AND DISTRIBUTES TDDs AND SIGNALERS.	X			X	X	X				-DVR PROVIDES FROM GENERAL FUNDS. HAVE DISTRIBUTED ABOUT 300 UNITS (3/87) -24 HOUR RELAY SERVICE PROVIDED.

STATEMENT ON HB 614
 TO HOUSE APPROPRIATIONS COMMITTEE

Mr. Chairman, Members of the Committee.

HB 614 establishes a program to provide specialized telecommunications equipment and services to the deaf, hard of hearing, and speech impaired people in Montana. The bill provides for the purchase of this equipment and for the Department of SRS to distribute telecommunication devices and other equipment to those who require it on a loan basis. The bill also establishes and funds a third party relay system to connect persons who are so handicapped to hearing persons and public telecommunications services. HB 614 was passed as amended 29-14 in second reading. The third reading copy provides for a legislative assessment of 10 cents per month on telephone customers to make the program self-supporting. The fiscal note indicates that this assessment would raise \$92,000 in FY 90 and \$416,000 in FY 91. With the amendment to HB 614, the revenue for FY 90 should be modified to include collection for three quarters of that fiscal year for \$312,000. The \$416,000 for FY 91 is correct.

The following is a breakdown of estimated collections for varying monthly charges as may be assessed under Section 12 (1) based on the estimated costs of operating the program for FY 90 and FY 91:

<u>Mon.Chg</u>	<u>Qtr.Revenue</u>	<u>FY90</u>	<u>FY91</u>	<u>TOTAL</u>
.10	\$104,000	\$312,000	\$416,000	\$728,000
.09	\$ 93,600	\$280,800	\$374,400	\$655,200
.08	\$ 83,200	\$249,600	\$332,800	\$582,400
.07	\$ 72,800	\$218,400	\$291,200	\$509,600
.06	\$ 62,400	\$187,200	\$249,600	\$436,800
.05	\$ 52,000	\$156,000	\$208,000	\$364,000

The bill provides for an 11 person committee on telecommunications services for the handicapped to oversee the administration of the program including approval of a budget for administration of the service.

It is obviously not easy to determine at this point, just how many handicapped persons will be served and how much the necessary expenditures will be for the FY 90 and FY 91. The fiscal note is based on service to 400 persons for the biennium with \$31,239 needed in FY 90 and \$414,575 needed in FY 91.

I think the estimate of 400 persons is low for the biennium. I feel that the estimate should be closer to 500 or 600.

Based on the experience in Minnesota, where a similar program was enacted and in operation this year, the budget for operation of the program in Montana is approximately \$470,000.

This is arrived at by assuming that 600 telecommunication devices will be purchased at an estimated cost of \$250 each including a light flasher, for a total cost of \$150,000.

The budget for relay service in Montana is estimated to be approximately \$190,000 to \$200,000. Of this amount, about 47% to 50% is for operator costs while the balance is for phone lines, management, equipment purchase, rent, etc. It is to be presumed that a private organization will operate the relay system. It could be operated on a non-profit basis by the deaf and hard of hearing community or possibly by U.S. West. These options would have to be explored by the committee.

It is estimated that 6 operator stations manned 24 hours per day using 20 to 24 operators working 2 to 4 hour increments would be needed. If operated as a private non-profit operation, this would provide an excellent employment opportunity for students and some handicapped individuals. It is estimated that these operators may be handling 4,000 to 5,000 calls per month initially when the relay is in full operation, and then increase. Experience in California and other states have seen a domino effect in usage. The volume has in fact exceeded expectations by a considerable amount once their program is in effect.

It is presumed that the third party relay system would not be in effect until FY 91 and that it would require an expenditure of approximately \$100,000 for equipment in that year. Costs of operators, rent, and other costs would be about \$90,000 per year. Administrative costs for FY 90 according to the fiscal notes are \$31,239 and in FY 91, \$182,575.

The total estimated budget for the program for the next biennium is arrived at as follows:

FY 90 & 91

600 TDD's	\$150,000
Other Equipment	20,000
Equip. 3rd Party Relay & Phone Lines	100,000 (FY 91)
Operator Costs, Rent, Special Training, etc.	90,000 (FY 91)
Administration, Personnel Services, Committee Expense (according to revised SRS est)	100,075
Miscellaneous Costs	10,000
TOTAL	\$470,000

It would appear from these budget estimates that perhaps the telephone access line assessment might be adjusted to a lower figure. However, I would hope the committee would keep in mind that the budget costs are estimates or may be better described as guesses. I feel that we would be wise to leave the 10 cent assessment as is until the budget determination can be made by the committee and we attain experience in the formulation and operation of the program. The assessment can then be adjusted more realistically in the next session of the Legislature.

EXHIBIT 3
DATE 3-13-89
HB 614

Mr. Chairman and Members of the Committee

I am Robert LeMieux from Great Falls, Montana. I appear before you today as a member of the Governor's Committee on Employment for People with Disabilities for 8 years. Also I have been active member of the Social and Rehabilitation Services Advisory Council for 9 years. In addition, I am a tax-paying citizen of Montana, and have qualified myself as a professional through education and experience--(27 years of teaching at MSDB.)

Prior to 1964, use of the telephone by deaf people was practically unknown except for isolated attempts at devising a crude code or YES-NO type of communication. In 1964, surplus outdated TDD machines made by AT&T were available to handicapped persons who quickly caught on to the use of this communication tool. But within a few years, the supply of available teletype-writers was exhausted, creating a demand for portable TDDs.

The Governor's Committee on Employment for People with Disabilities endeavors in doing to remove the barriers in order to allow disabled people full access to public services and public telephone services.

Yet, handicapped people who still have obsolete TDDs have experienced such frustrations when line noise associated with data creates "garbled" messages which need to be repeated by the users.

Handicapped people strongly support HB 614--TDD bill because it will provide the responsibility to the committee to explore and secure the best technical and assistive devices that are cost-effective as well as to eliminating obsolete communicating system. Best tools give disabled people the best advantage of communicating more effectively in their personal, social and work life.

Please give your support to HB 614. Thank you.

Exhibit 1
EXHIBIT

DATE

3/13/87

HB

44

CAUTION: THIS IS A GRAY BILL! FOR DISCUSSION PURPOSES ONLY
HOUSE BILL NO. 44 (MERCER)

A BILL FOR AN ACT ENTITLED: "~~AN ACT DEFINING TERMS RELATING TO INTERACCOUNT LOANS WITHIN STATE GOVERNMENT; REVISING PROVISIONS CONCERNING INTERACCOUNT INTERENTITY LOANS BY THE UNIVERSITY SYSTEM AND VOCATIONAL-TECHNICAL CENTERS WITHIN STATE GOVERNMENT; AMENDING SECTION 17-2-107, MCA; AND PROVIDING AN IMMEDIATE EFFECTIVE DATE.~~"

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 17-2-107, MCA, is amended to read:

"17-2-107. Accurate accounting records and ~~interaccount~~ INTERENTITY loans. (1) The department of administration shall record receipts and disbursements for treasury funds and for ~~accounts~~ ACCOUNTING ENTITIES within treasury funds and shall maintain records in ~~such~~ a manner as to reflect the total cash and invested balance of each fund and each ~~account~~ ACCOUNTING ENTITY. The department of administration shall adopt the necessary procedures to insure that interdepartmental or intradepartmental transfers of money or loans do not result in inflation of figures reflecting total governmental costs and revenues.

(2)(A) When the expenditure of an appropriation is necessary FROM A FUND DESIGNATED IN 17-2-102(1)(A) THROUGH (1)(C) and the cash balance in the ~~account~~ ACCOUNTING ENTITY from which the appropriation was made is insufficient, the department of administration may authorize ~~a transfer, as~~ a temporary loan bearing no interest, of unrestricted moneys from other ~~accounts~~ ACCOUNTING ENTITIES, ~~provided that~~ IF there is reasonable evidence that the income will be sufficient to ~~restore the amount so transferred~~ REPAY THE LOAN within 1 calendar year and ~~provided~~ IF the loan is recorded in the state accounting records. AN ACCOUNTING ENTITY RECEIVING A LOAN OR AN ACCOUNTING ENTITY FROM WHICH A LOAN IS MADE MAY NOT BE SO IMPAIRED THAT ALL PROPER DEMANDS ON THE ACCOUNTING ENTITY CANNOT BE MET EVEN IF THE LOAN IS EXTENDED.

(B)(I) WHEN AN EXPENDITURE IS NECESSARY FROM A FUND OR SUBFUND DESIGNATED IN 17-2-102(1)(D)(I)(A) THROUGH (1)(D)(VI) AND THE CASH BALANCE IN THE FUND OR SUBFUND FROM WHICH THE EXPENDITURE IS TO BE MADE IS INSUFFICIENT, THE COMMISSIONER OF HIGHER EDUCATION MAY AUTHORIZE A TEMPORARY LOAN BEARING INTEREST AS PROVIDED IN SUBSECTION (4) OF MONEYS FROM THE AGENCY'S OTHER FUNDS OR SUBFUNDS, IF THERE IS REASONABLE EVIDENCE THAT THE INCOME WILL BE SUFFICIENT TO REPAY THE LOAN WITHIN 1 CALENDAR YEAR AND IF THE LOAN IS RECORDED IN THE STATE ACCOUNTING RECORDS. A FUND OR SUBFUND RECEIVING A LOAN OR FROM WHICH A LOAN IS MADE MAY NOT BE SO IMPAIRED THAT ALL PROPER DEMANDS ON THE FUND OR SUBFUND CANNOT BE MET EVEN IF THE LOAN IS EXTENDED.

(II) ONE ACCOUNTING ENTITY WITHIN EACH FUND OR SUBFUND DESIGNATED IN 17-2-102(1)(D)(I)(A) THROUGH (1)(D)(VI) MUST BE ESTABLISHED FOR THE SOLE PURPOSE OF RECORDING LOANS BETWEEN THE FUNDS OR SUBFUNDS. THIS ACCOUNTING ENTITY IS THE ONLY ACCOUNTING ENTITY WITHIN EACH FUND OR SUBFUND THAT MAY RECEIVE A LOAN OR FROM WHICH A LOAN MAY BE MADE. The

(C) A loan MADE UNDER SUBSECTION (2)(A) OR (2)(B) must be repaid within 1 calendar year of the date the loan is approved unless it is extended under subsection (3) or by specific legislative authorization. ~~No account shall be so impaired that all proper demands thereon cannot be met even if the loan is extended.~~

(3) Under unusual circumstances the director of the department of administration OR THE BOARD OF REGENTS may grant one extension ~~of a loan~~ for up to 1 year FOR A LOAN MADE UNDER SUBSECTION (2)(A) OR (2)(B). ~~The department of administration~~ DIRECTOR OR BOARD shall prepare a written justification and proposed repayment plan for each loan extension authorized and shall furnish a copy of the written justification and proposed repayment plan to the house appropriations and senate finance and claims committees at the next legislative session.

(4) Any loan from ~~the general fund or the current unrestricted subfund~~ to funds designated in ~~subsections~~ 17-2-102 (1)(d)(i)(C), (1)(d)(i)(D), and (1)(d)(ii) through (1)(d)(vi) of 17-2-102 shall MUST bear interest at a rate equivalent to the

previous fiscal year's average rate of return on the board of investments' short-term investment pool. Except for investment earnings on restricted donations, all designated and restricted subfund investment earnings, other than investment earnings on student activity fees used to support student governments at units of the university system, are credited to the state general fund.

(5) IF FOR TWO CONSECUTIVE FISCAL YEARENDS, A LOAN OR AN EXTENSION OF A LOAN HAS BEEN AUTHORIZED TO THE SAME ACCOUNTING ENTITY AS PROVIDED IN SUBSECTION (2) OR (3), THE DEPARTMENT OF ADMINISTRATION OR THE COMMISSIONER OF HIGHER EDUCATION SHALL SUBMIT TO THE LEGISLATIVE FINANCE COMMITTEE BY SEPTEMBER 1 OF THE FOLLOWING FISCAL YEAR A WRITTEN REPORT CONTAINING AN EXPLANATION AS TO WHY THE SECOND LOAN OR EXTENSION WAS MADE, AN ANALYSIS OF THE SOLVENCY OF THE ACCOUNTING ENTITY OR ACCOUNTING ENTITIES WITHIN THE UNIVERSITY FUND OR SUBFUND, AND A PLAN FOR REPAYING THE LOANS.

(6) IF FOR TWO CONSECUTIVE FISCAL YEARENDS, AN ACCOUNTING ENTITY IN A FUND OR SUBFUND DESIGNATED IN 17-2-102(1)(D)(I) THROUGH (VI) HAS A NEGATIVE CASH BALANCE, THE COMMISSIONER OF HIGHER EDUCATION SHALL SUBMIT TO THE LEGISLATIVE FINANCE COMMITTEE BY SEPTEMBER 1 OF THE FOLLOWING FISCAL YEAR A WRITTEN REPORT CONTAINING AN EXPLANATION AS TO WHY THE ACCOUNTING ENTITY HAS A NEGATIVE CASH BALANCE, AN ANALYSIS OF THE SOLVENCY OF THE ACCOUNTING ENTITY, AND A PLAN TO ADDRESS ANY PROBLEMS CONCERNING THE ACCOUNTING ENTITY'S NEGATIVE CASH BALANCE OR SOLVENCY.

~~(5)(7)(A) No accounting entity account~~ AN ACCOUNTING ENTITY IN A FUND DESIGNATED IN 17-2-102(1)(A) THROUGH (1)(C) may NOT have a negative cash balance at fiscal yearend. The department of administration may, however, allow any entity an account AN ACCOUNTING ENTITY to carry a negative balance at any point during the fiscal year ~~subject to the following restrictions.~~

~~(a) Accounting entity if the negative cash balances may of the account do~~ BALANCE DOES not exist for more than 7 working days in the funds provided in subsections (1)(a) through (1)(e) of 17-2-102.

~~(b) Units of the university system and vocational-technical centers must maintain positive cash balances in the subfunds provided in subsections (1)(d)(i)(A) through (1)(d)(i)(D) and (1)(d)(ii) through (1)(d)(vi) of 17-2-102.~~

(B)(I) EXCEPT AS PROVIDED IN SUBSECTION (B)(II), A UNIT OF THE UNIVERSITY SYSTEM OR VOCATIONAL-TECHNICAL CENTER SHALL MAINTAIN A POSITIVE CASH BALANCE IN THE FUNDS AND SUBFUNDS DESIGNATED IN 17-2-102(1)(D)(I)(A) THROUGH (1)(D)(I)(D) AND (1)(D)(II) THROUGH (1)(D)(VI).

(II) IF A FUND OR SUBFUND INADVERTENTLY HAS A NEGATIVE CASH BALANCE, THE DEPARTMENT OF ADMINISTRATION MAY ALLOW THE FUND OR SUBFUND TO CARRY THE NEGATIVE CASH BALANCE FOR NO MORE THAN 7 WORKING DAYS. IF THE NEGATIVE CASH BALANCE EXISTS FOR MORE THAN 7 WORKING DAYS, A TRANSACTION MAY NOT BE PROCESSED THROUGH THE STATEWIDE ACCOUNTING SYSTEM FOR THAT FUND OR SUBFUND.

~~(6)(8)~~ Notwithstanding the provisions of subsections (2) through (4), the department of social and rehabilitation services may maintain positive cash balances in the federal special revenue fund with long-term repayment whenever necessary due to the timing for transmittal of obligated matching funds if it can be demonstrated to the satisfaction of the department of administration that the total loan balance does not exceed total receivables from federal and county governments and receivables have been billed on a timely basis. The loan must be repaid under such terms and conditions as may be determined by the department of administration or by specific legislative authorization.

~~(7) Notwithstanding the provisions of subsections (2) and (3), units of the university system and vocational-technical centers may borrow from other accounts to maintain a positive cash balance in the restricted subfund with long-term repayment whenever necessary due to the reimbursement nature of the restricted subfund if it can be demonstrated that the total loan balance does not exceed total restricted subfund receivables.~~

~~(8) For purposes of applying subsections (2) through (7) to units of the university system and to vocational-technical centers, "account" means the unrestricted subfund, restricted subfund, designated subfund, auxiliary subfund, student loan~~

fund, endowment fund, annuity and life income fund, plant fund, and agency fund as defined in 17-2-102. For other state agencies, "account" means an accounting entity."

NEW SECTION. Section 2. Effective date. [This act] is effective on passage and approval.

-End-

Richard Miller, Montana State Librarian

I am here today to speak in favor of HB 193, the "Information Access Montana Act" which provides state aid to local libraries.

Libraries serve in vital roles in our state:

- as a cornerstone of lifelong education of citizens - "cradle to grave"
- as an important part of economic development in programs such as the two Kellogg Foundation-funded sites in Libby and Hamilton and the various literacy efforts in libraries around the state
- as a sign of civilization (along with the church/synagogue, post office, bank, grocery store, school)

Andrew Carnegie, the great provider of public library buildings early in this century once said: "It was from my own early experience that I decided there was no use to which money could be applied so productive of good to boys and girls who have good within them and ability and ambition to develop it, as the founding of a public library."

Montana, through the passage of HB 193 has opportunity to join other states which have recognized the vital importance of libraries to their citizens:

- CT and ME began state aid to public libraries in 1893
- 10 years ago a national survey found that 34 of 37 responding states were appropriating \$123 million in state aid, and such aid has increased significantly since then.
- Comparable western states have in recent years also provided state aid:
 - SD and WY funded statewide library automation systems.
 - UT has just begun a state aid program linked to library improvement.
 - ND appropriated \$1.3 million to state aid in 1987.
- WV, one of the poorest states in the nation, began state aid funding in 1969 and one of the highest per capita expenditures in the nation, and it has also instituted public library construction funding.

The only contribution the state of Montana makes to public libraries is Coal Severance Tax revenues to the operation of 6 public library federations. This source is declining significantly each year.

As Montana State Librarian I call on you to pass HB 193 and to provide funding for its implementation, thereby recognizing the vital importance of libraries to Montana's citizens. I ask you to assume your rightful share of support - along with the local, federal, and private support already provided.

Mark Twain once said: "The man who does not read good books has no advantage over the man who can't read them."

Give all Montanans the opportunity to read good books.

LIBRARY FUNDING
BASED ON \$1 PER CAPITA AND \$1 PER SQUARE MILE

COUNTY	AREA IN SQUARE MILES	POPULATION	TOTAL PROPOSED FUNDING
Beaverhead	5,529	8,186	\$13,718
Bighorn	4,983	11,096	16,079
Blaine	4,259	6,999	11,258
Broadwater	1,188	3,267	4,455
Carbon	2,056	8,099	10,155
Carter	3,342	1,799	5,141
Cascade	2,699	80,696	83,395
Chouteau	3,988	6,092	10,080
Custer	3,776	13,109	16,885
Daniels	1,427	2,835	4,262
Dawson	2,374	11,805	14,179
Deerlodge	740	12,518	13,258
Fallon	1,623	3,763	5,386
Fergus	4,340	13,076	17,416
Flathead	5,112	51,966	57,966
Gallatin	2,510	42,865	45,375
Garfield	4,491	1,656	6,147
Glacier	2,995	10,628	13,623
Golden Valley	1,172	1,026	4,429
Granite	1,729	2,700	4,429
Hill	2,897	17,985	20,822
Jefferson	1,656	7,029	8,685
Judith Basin	1,871	2,646	4,517
Lake	1,493	19,056	20,549
Lewis & Clark	3,461	43,039	46,500
Liberty	1,427	2,329	3,756
Lincoln	3,616	17,752	21,368
McCone	2,626	2,702	5,328
Madison	3,590	5,448	9,028
Meagher	2,392	2,154	4,546
Mineral	1,216	3,675	4,891
Missoula	2,582	76,016	78,598
Musselshell	1,071	4,428	6,299

COUNTY	AREA IN SQUARE MILES	POPULATION	TOTAL PROPOSED FUNDING
Park	2,910	12,935	15,845
Petroleum	1,652	655	2,307
Phillips	5,131	5,367	10,498
Pondera	1,632	6,731	8,363
Powder River	3,288	2,520	5,808
Powell	2,329	6,958	9,287
Prairie	1,732	1,836	3,568
Ravalli	2,384	22,493	24,877
Richland	2,081	12,243	14,324
Roosevelt	2,357	10,467	12,824
Rosebud	5,019	9,899	14,918
Sanders	2,749	8,675	11,424
Sheridan	1,681	5,414	7,095
Silver Bow	719	38,092	38,811
Stillwater	1,793	5,598	7,391
Sweet Grass	1,856	3,216	5,072
Teton	2,275	6,419	8,766
Toole	1,931	5,559	7,490
Treasure	975	901	1,956
Valley	4,936	10,250	15,186
Wheatland	1,419	2,359	3,778
Wibaux	888	1,476	2,364
Yellowstone	2,624	108,035	110,659
TOTAL	145,392	786,690	\$932,082

EXHIBIT 2
DATE 3-13-89
HB 193

FACT SHEET -- HB 193

Information Access Montana Bill -- State Aid for Libraries

Prepared for Rep. Robert Thoft

-- Montana has:

- 85 public libraries (with 59 additional branches)
- 17 college and university libraries
- 108 special libraries (e.g., military base, law, and corporate libraries)
- 384 school libraries

In 1987 Montana's public libraries circulated 4,111,248 books, approximately 5.08 volumes for each Montanan.

-- Under Montana law the maximum mill levies allowed for public libraries are:

- 5 mills in a county
- 7 mills in a city or town

-- Summary of the four sections of HB 193:

- State aid -- per capita -- per square mile (page 2, lines 11 - 13. NEW SECTION. Section 3.)

The State Library would distribute to each local library, funds on a formula based on population and square miles. There is a clause in the bill (page 2, lines 3 - 10) to prevent use of these funds to replace local funding commitment.

- State interlibrary loan program -- reimbursement -- eligibility (page 2, lines 14 - 25; and page 3, line 1. NEW SECTION. Section 4.)

Eligible libraries will be reimbursed for the handling costs of material loaned to libraries in the state. Administrative rules developed by the State Library Commission will provide the mechanism for distribution.

- State multilibrary card (page 3, lines 2 - 5. NEW SECTION. Section 5.)

Provides for a statewide library card. Libraries would be able to issue a card which allows patrons to borrow material from participating libraries outside their areas of residence.

- Base grants [to libraries in federations] (page 3, lines 12 - 15. NEW SECTION. Section 7.)

Direct monies to individual libraries in each federation are to be used to help solve the problems related to the decline in Coal Severance Tax revenue and the unstable funding federations have dealt with since 1980.

The funds for state aid per capita/per square mile to public libraries, for interlibrary loan reimbursement, and for the multilibrary card are to be distributed based on administrative rules promulgated by the State Library Commission.

The base grants for each public library to support federation activities will be determined by how much funding the Legislature appropriates for this section of the bill.

3
EXHIBIT 3
DATE 3-13-89
38
E 193

TESTIMONY ON HB 193

State Aid to Libraries

Mr. Chairman
Members of the Committee

My name is Gloria Hermanson, I reside in Helena. I represent the Montana Cultural Advocacy, a broad cross-section of Montanans committed to the development of our State's cultural resources.

At a time when information is one of the most valued commodities in the world, Montana can ill afford to limit our people's access. Our libraries play an integral part in our education system, both for our children and the continuing education and retraining process for adults. Library services must not only be available, but equally available to all.

Our libraries are in trouble. Lack of adequate funding has forced personnel lay-offs, curtailment of time open to the public, and an inability to acquire necessary up-dated materials. House Bill 193 would help a great deal. It provides for statewide access to materials for everyone, regardless of where they live (as it should be) and it allows for sharing of resources.

As Montana moves into it's second century, we need to assure our citizens the resources necessary to remain as connected and knowledgeable as possible. We realize dollars are short, but access to information is something our people cannot afford to be without.

We urge your full support of House Bill 193.

EXHIBIT 4
DATE 3-13-89
HB 193

TESTIMONY FOR HOUSE APPROPRIATIONS COMMITTEE
HOUSE BILL 193 - MARCH 13, 1989

DEBORAH L. SCHLESINGER
507 5TH AVENUE
HELENA, MONTANA 59601

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, MY NAME IS DEBORAH SCHLESINGER. I LIVE IN HELENA, AND I AM THE CHAIR OF THE LEGISLATIVE COMMITTEE FOR THE MONTANA LIBRARY ASSOCIATION. I SPEAK IN FAVOR OF HB 193, INFORMATION ACCESS MONTANA, STATE AID FOR LIBRARIES.

MONTANA LIBRARIES FACE A NUMBER OF CHALLENGES IN THE COMING BIENNIUM. THE CAP ON THE PROPERTY TAX, THE DECLINE, IN MANY CASES, OF MILL VALUES, ALONG WITH THE REEVALUATION OF PROPERTY ALL HAVE SERIOUSLY IMPACTED ON THE FUNDING LEVELS OF LIBRARIES ACROSS THE STATE. LEWIS AND CLARK LIBRARY IN HELENA HAS LOST A PROFESSIONAL AND A PARAPROFESSIONAL POSITION AND HAS BEEN FORCED TO CLOSE ON MONDAYS, WHILE ALSO CURTAILING COUNTY WIDE EXTENSION SERVICES. THE SAME KINDS OF SERVICE CUTBACKS HAVE OCCURRED IN LARGE AND SMALL LIBRARIES ALL OVER THE STATE. IN ADDITION, THE LOSS OF REVENUE SHARING, THE SHARP INCREASE IN PRICES FOR BOOKS AND MAGAZINES HAVE ALL CONTRIBUTED TO THE SAD STATE THAT LIBRARIES FIND THEMSELVES IN NOW. LOCAL GOVERNMENTS HAVE BEEN HARD PRESSED TO FUND LIBRARIES. COAL SEVERANCE TAX REVENUES HAVE DECLINED AND THIS HAS HAD A SERIOUS EFFECT ON THE KINDS OF SERVICES AVAILABLE FROM LIBRARY FEDERATIONS. THE BROAD VALLEYS FEDERATION, OF WHICH LEWIS AND CLARK LIBRARY IS THE HEADQUARTERS, HAS SEEN ITS BUDGET DROP FROM \$82,000 TO \$26,000. THIS HAS MEANT LOSS OF STAFF AND SERVICES.

LIBRARIES ACROSS THE STATE HAVE SEEN INCREASED PRESSURES FROM FUNDING BODIES TO CHARGE FEES FOR SERVICES. SO FAR, MOST LIBRARIES HAVE BEEN ABLE TO KEEP INFORMATION AVAILABLE TO ALL, REGARDLESS OF ECONOMIC STATUS. LIBRARIES HAVE ASSISTED IN THE CONTINUING ECONOMIC DEVELOPMENT OF THE STATE FOR BOTH LARGE AND SMALL BUSINESSES. BUT LIBRARIES ARE STRUGGLING TO MEET THE CHALLENGES OF PROVIDING SOPHISTICATED INFORMATION IN A VARIETY OF FORMATS TO AN EVER MORE DEMANDING PUBLIC. LESS AND LESS MONEY IS AVAILABLE TO PROVIDE THE KINDS OF SERVICES OUR PATRONS NEED. HB 193, INFORMATION ACCESS MONTANA, WILL PROVIDE AID TO LIBRARIES FOR THE TRANSFER OF MATERIALS ACROSS CITY AND COUNTY BOUNDARIES IN THE FORM OF A STATEWIDE LIBRARY CARD. THIS BILL WILL HELP KEEP INTERLIBRARY LOAN FREE FROM FEES. THIS BILL WILL HELP FEDERATIONS SURVIVE THE STEADILY DECLINING COAL SEVERANCE TAX REVENUES, AND FINALLY, THIS BILL WILL PROVIDE NEEDED PER CAPITA AND GEOGRAPHICAL AID TO LOCAL LIBRARIES SO THAT INFORMATION ACCESS IS AGAIN AVAILABLE, EVEN ON MONDAYS, IN MONTANA.

THE MONTANA LIBRARY ASSOCIATION THINKS THAT THE TIME HAS COME TO ACKNOWLEDGE THAT LIBRARIES PLAY AN IMPORTANT ROLE IN ECONOMIC DEVELOPMENT, EDUCATION, AND QUALITY OF LIFE. THE MONTANA LIBRARY ASSOCIATION MEMBERS KNOW THAT TIMES ARE TOUGH AND MONEY IS SCARCE

BUT WE ASK THAT YOU LOOK AT THE VALUE AND WORTH OF THE LIBRARY TO EACH COMMUNITY IN THE STATE AND THAT YOU VOTE DO PASS ON HB193.

LIBRARIES WILL GET YOU THROUGH TIMES OF NO MONEY BETTER THAN MONEY WILL GET YOU THROUGH TIMES OF NO LIBRARIES.

filename:hb193tes.dls

HIBIT 5
DATE 3-13-89
HB 193

House Appropriations Committee Hearing: March 13, 1989

House Bill 193: STATE AID TO PUBLIC LIBRARIES
by Rep. Thoft

Testimony presented by: Don Scanlin, Red Lodge
Chairman, Advisory Board
South Central Library Federation
Headquarters, Parmaly Library, Billings

"There are 2 sections of HB 193 that pertain to the State Library Federation System, Section 3 and Section 7, which I will address with my testimony.

Section 3: About 30 years ago, Prof. Kranzal, Montana State University, authored a book entitled The Great Plains In Transition. Dr. Kranzal vividly presents the high cost of *space* to provide public services in a state like Montana, especially Eastern Montana. With less than a million people, we are *3rd* in the *size* of *continental* ~~total area covered in the~~ United States. Section 3 faces up to that situation.

Section 7: ~~Actually~~, Section 7 relates to Federation *services* ~~involvement~~ in all other Sections of HB 193. The determination is administrative, locally or by the State Library *Commission*, ~~Committee~~. The result can go favorably in either direction, as long as the intent of Section 3 is fulfilled.

Section 9, dealing with funding for the bill, is most important. Thank you for your *consideration*, ~~attention~~.

Don Scanlin

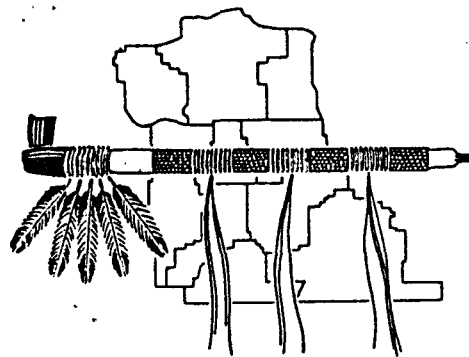
SOUTH CENTRAL FEDERATION OF LIBRARIES

Headquarters—Farmly Billings Library

510 North Broadway

Billings, Montana 59101-1196

(406) 657-8448



Adopted by the South Central Federation of Libraries
Advisory Board at its Saturday, October 15, 1988, meeting.

MOTION: The South Central Federation Advisory Board,
composed of members from the counties listed below,
supports the Information Access Montana bill. We
respectfully request legislative consideration and
assistance for passage of House Bill # 193.

Big Horn
Golden Valley
Petroleum
Yellowstone

Carbon
Judith Basin
Stillwater

Fergus
Musselshell
Sweet Grass

Motion made by Janet Stevenson, Big Horn County Library
Board. Second by Eileen F. Sansom, Lewistown Library Board.
Passed unanimously.

3/13/89
Don Scanlin, Chairman
South Central Federation
of Libraries

FLATHEAD COUNTY LIBRARY

March 13, 1989

247 First Avenue East • Kalispell, Montana 59901-4598

(406) 756-5690 • (406) 752-5300 Ext. 357

• Telefax (406) 755-4044

TESTIMONY FOR HOUSE APPROPRIATIONS COMMITTEE REGARDING**HB 193, INFORMATION ACCESS MONTANA -- STATE AID FOR LIBRARIES.**

Georgia Lomax; 94 Grandview Drive; Kalispell 59901. 752-0696.

Mr. Chairman and Members of the Committee:

I speak in favor of HB 193, Information Access Montana - State Aid for Libraries. I have worked in libraries on both sides of the State and have had a chance to see the situations and problems from both viewpoints. One thing that stands out is that regardless of our location or the clients we serve, librarians are committed to insuring the ability of all Montanans to have access to the information they need to make decisions, operate a business, pursue an education or meet personal goals. We all choose to live in Montana; that does not mean we choose to do without information.

HB 193 includes funding of a Statewide Library Card, a progressive and visible service that moves us toward this goal.

While Director of the Miles City Public Library, I had the opportunity to develop and carry out the successful pilot project for this Statewide Library Service. Libraries in thirteen counties opened their doors to any resident of the project area in an effort to expand the availability and variety of information for our residents; and to make more effective use of their tax money by sharing resources.

A Statewide Library Card will allow Montanans to borrow books and use the services of libraries outside their home county or city without being charged a nonresident fee. They could then take the books home, read them, and return them to their local library.

Someone who lives in Rock Springs is only 35 miles from the Miles City Public Library or 48 miles from the Garfield County Library. Unfortunately, this Rock Springs resident lives in neither of those counties and is nearly 80 miles from the Garfield County Library.

People neither understand nor care about these artificial barriers erected by what they see as the bureaucracy. They don't make sense to them. Statewide Library Service does. For just under \$180,000, every resident of our State can have access to the information and entertainment they seek in the library outlet which is most convenient and most appropriate for them.

Libraries can provide relaxation, refuge, or more information about a situation for someone out of town -- staying with an ill family member, for educational purposes, to be a member of our State Legislature, or any number of other reasons.

In Montana, our resources are finite. We do the best we possibly can within these limitations. When we are able to share and cooperate in our efforts to provide service, our best can be better. Opening our boundaries and our libraries' doors are steps toward better services for Montanans.

Librarians are realistic. We all know the financial situation our State faces, and the difficult decisions with which our legislators must wrestle.

We also know that funding this bill is a way to reach every person in this State in a positive, visible and tangible way. By opening the doors of the libraries of the entire State, we work to expand and build the services and information Montanan's need.

Friends of Missoula Public Library, Inc.
301 East Main
Missoula, MT 59802
721-BOOK

EXHIBIT 7
DATE 3-13-89
HB 193

MEMORANDUM: February 16, 1989

TO: Friends of Missoula Public Library

SUBJECT: Impact of House Bill 193, "Information Access Montana"

Information in the form of books, records, magazines, newspapers, articles, government reports, computer data bases, and audio and video tapes impacts everything we do. From the quality of life throughout our city or state's economic development, information provided or withheld can mean success or failure to a business leader, a student, a consumer, a teacher, or a nurse. The Missoula Public Library is in the information business, trying to provide better access to information. However, with the retrenchment of local funds, business is very difficult.

Library hours have been cut from 60 to 49 per week, over 36% of the staff positions have been eliminated in the past 10 years, the "book" or materials purchase budget has been slashed by 37% over the past two years, the three-year old bookmobile is able to operate only one third of the year on donations, one library branch operates expressly on the donations of the high school district and the community residents, and the entire library operation is scheduled to be terminated for two weeks in June with all staff laid off. Access to information has been severely hindered in Missoula County. Improving that access is the purpose of House Bill 193-Information Access Montana, a measure introduced in the 1989 Legislature by Rep. Bob Thoft (R-Stevensville).

If passed, HB 193-Information Access Montana would provide:

- \$78,598 to Missoula County (\$1.00 per capita and \$1.00 per square mile) to directly address some of the cuts mentioned above;
- Interlibrary loan service which allows books not owned by Missoula Public Library to be borrowed from other libraries nationwide without charging a fee to the library user;
- A statewide library card to encourage free borrowing from and return to any library in the state;
- Improved funding for the six regional library federations that have been supported by diminishing Coal Severance Tax. Missoula Public Library is a member of the Tamarack Federation which has helped with interlibrary loan, continuing education workshops for librarians and trustees, and lending large type and video cassette collections.

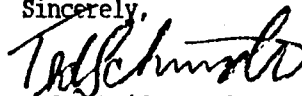
Montana is one of only four states in the country which fund public libraries solely from local government resources without any statewide financial support. Funding Information Access Montana-HB 193 would cost each Montana resident \$1.85 per year for the biennium.

HB 193 is currently in the House Appropriations Committee. Supporters of Missoula Public Library are urged to write or phone the committee legislators from western Montana to move the bill from the committee to the House for discussion and a vote. Contact:

Mary Ellen Connelly	D	3315 Whitefish Stage Kalispell, MT 59901	—	—
Mike Kadas	D	922 Taylor Missoula, MT 59802	—	—
Mary Lou Peterson	R	Rt. 1, Box 117 Eureka, MT 59917	604 N. Rodney #5 Helena, MT 59601	442-5945
Bernie A. Swift	R	S.E. 206 Rose Lane Hamilton, MT 59840	2121 Fifth Avenue Helena, MT 59601	443-4378
Bob Thoft	R	1520 S. Burnt Fork Road Stevensville, MT 59870	1631 Choteau Helena, MT 59601	442-7821

If you would like, you can write to the legislators at the Montana State Capital, Capital Station, Helena, MT 59620. I hope you can help with this vital job!

Sincerely,



Ted Schmidt, Member
Friends of Missoula Public Library

The only way to have a friend is to be one.

Ralph Waldo Emerson

Daniels County Free Library

Scobey, Montana

59263

House Appropriations Committee
Capitol Station
Helena, MT 59620

I am writing to you regarding HB 193, State Aid to Libraries.

As a small county library, we have faced poor economic conditions for many years. We have had severe draught, grasshopper infestations, and a over-all declining farm economy. In addition our county is approximately 1/3 state land. Our mill has been devalued three years consecutively.

Our libraries book circulations, interlibrary loans, and program attendance has increased yearly. We are no longer able to maintain the quality service our patrons demand without a larger income. Even though our county is a rural, isolated area our patrons deserve quality service.

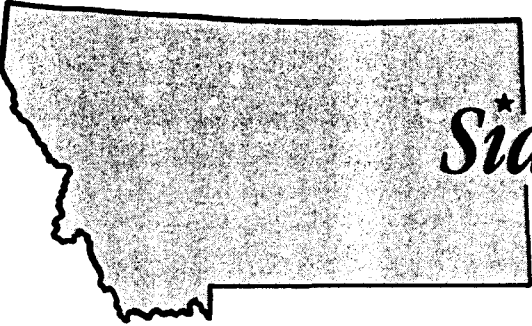
Please support HB 193.

Thank you,

Pat Kanning

Pat Kanning

EXHIBIT 9
DATE 3-13-89
HB 193



Sidney Public Library

121 3rd Avenue N W
Sidney, Montana 59270

Phone: 406/482-1917

March 11, 1989

The Honorable Francis Bardanouve, Chair
House Appropriations Committee
House of Representatives
State Capitol
Helena, MT 59620

Dear Chairman Bardanouve:

I am writing to urge your support for House Bill 193, The Information Access Montana Act, sponsored by Bob Thoft.

The patrons of our small, rural, public library have demonstrated over and over how vital and sophisticated their needs for information are. We regularly receive requests for legal materials, medical journals articles, information on funding sources and the grant process, as well as requests for educational, historical, technical, and statistical materials. Our patrons represent all walks of life from the professional to the student, and are of all ages, interests, and levels of sophistication.

And, in this community, this library is one of the only sources for the information they need. The next public library is over 50 miles away.

Despite strong demand for our services and materials, our library and others across the state have been struggling to stay afloat, cutting hours, cutting staff, cutting back on periodicals and book budgets. Our libraries are funded entirely by our communities, and so many of those are seeing difficult economic times.

Certainly the legislature has difficult financial decisions to make. I urge you, however, to recognize the vital role libraries play in maintaining an equitable and democratic society, and take the necessary measures to see that they are adequately funded.

Please help. Please support House Bill 193.

Sincerely,



Marilyn R. LeBlond, Director
Sidney Public Library



3-8-89

We are very much in
favor of the passage of
H.B. 193- State Aid to Libraries.

We have an excellent
library in Scobey - very
helpful to the community
and especially our school
children. We feel they
could do even more and
benefit even more people
with a little boost of
State aid. I feel sure this
is true of many small
communities in our State

- Jarbee

Barbee Shipstead
Box 538
Scobey, MT 59263

HB 193

EXHIBIT 10
DATE 3-13-89
HB 193

House Appropriations
Francis Bardenhewer, Chairman

Sirs,

Regarding: House Bill 193

I'm writing this letter asking you to please support this bill. As the mother of 4 children in one of the most sparsely populated and economically distressed areas of Montana, our library is very important to us & our children. As with all things, costs of Interlibrary Loan is increasing & without that we are without access to many books now available to us & our children.

Danish County has an incredibly large percentage of state school lands and is within 1% of fulfilling the 25% maximum of CDP acreage reductions. This means a loss of county tax base which in turn will reduce the county's

Budget in all areas, library included.
Our library is supported in part
through mill levy.
Please support this bill.

Sincerely
For Krasch
Burling Mt.

Lobey, Mt.

9 March 1989

Mr. Francis Bardonaume
& other members of The House
Appropriations Committee,

I am writing to your Committee
in regard to House Bill #193 -
"State Aid to Public Libraries".

I would like you folks to very
seriously consider passage of this Bill.
I was on the Daniels County Library
Board for several years so I know
how important these services are to
us in Daniels County. We have a
small (too small) library but
with very dedicated & enthusiastic
personell. And having attended many
Federation meetings & some State
Library Conventions I feel that
the people in Montana have this
feeling all over our State. Montana
is a very large State with many

miles between our towns. We need good library services locally because many people are not able to get to bigger libraries to get the many services we are now getting locally. I think the inter-library loan is very important. I have used it much myself. The Montana libraries have very much improved since I came to Seabeey 43 years ago this year. Let's keep it that way.

I especially like the new Seaborn 5 - State multi-library card. Many times I go to Sidney, Billings or some other city in Montana & could check out a book while there. I imagine it could be sent back to the out-of-town library through my library & it would save the postage for one way.

I imagine you folks who are representing us at the Legislature are all well aware of our library problems but would like you

to consider my point of view on
this also. I believe I speak for
a lot of people I know here and
also many others in our State
both in the bigger cities & especially
the smaller towns.

Thanks for your consideration.

Mrs. Earl Leibrand
Scobey, Mt

Copies to

Pete Story, Chr.
Senate Finance & Claims

Ted Schye, Chr.
House Educational &
Cultural Resources

Linda Nelson, Rep. Dist #19

Dennis Rathe, Senator Dist #10

HB 193 3/13/
June Ann Odegard
Box 6
Whitetail, mt
59276

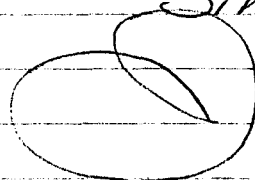
Honorable Sir:

I am writing regarding the bill for state aid for libraries. I am strongly in favor of such. I live in an extremely rural area & am working on my Bachelor's Degree through an External Program.

I need, & have used, the library many times. It is indeed a great privilege to be able to have such services available. Because of the cut in coal-severance tax money, our small libraries are suffering.

Thank you for your
Consideration.

Sincerely,

 June Ann Odegard

HB 193

3/13/89

Scobey, Mt.

9 March 1989

Mr. Francis Gerdanonne
& other members of the House
Appropriations Committee,

I am writing to your Committee
in regard to House Bill # 193 -
"State Aid to Public Libraries".

I would like you folks to very
seriously consider passage of this Bill.
I was on the Daniels County Library
Board for several years so I know
how important these services are to
us in Daniels County. We have a
small (too small) library but
with very dedicated & enthusiastic
personell. And having attended many
Federation meetings & some State
Library Conventions I feel that
the people in Montana have this
feeling all over our State. Montana
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miles between our towns. We need good library services locally because many people are not able to get to bigger libraries to get the many services we are now getting locally. I think the inter-library loan is very important. I have used it much myself. The Montana libraries have very much improved since I came to Seabeck 43 years ago this year. Let's keep it that way.

I especially like the new Section 5 State multi-library card. Many times I go to Sidney, Billings or some other city in Montana & could check out a book while there. I imagine it could be sent back to the out-of-town library through my library & it would save the postage for one way.

I imagine you folks who are representing us at the Legislature are all well aware of our library problems but would like you

to consider my point of view on this also. I believe I speak for a lot of people I know here and also many others in our State both in the bigger cities & especially the smaller towns.

Thanks for your consideration.

Mrs. Earl Leibrand
Scobey, Mt.

Copies to

Pete Story, Chr.
Senate Finance & Claims

Ted Schye, Chr.
House Educational &
Cultural Resources

Linda Nelson, Rep. Dist #19
Dennis Rathe, Senator Dist #10

March 10, 198

House of Appropriation Committee
Capital Station
Helena mt 59620

Please approve of House Bill 193, concerning
State funding for Public Libraries.

Libraries are very vital in our rural
area.

I would really like to see this bill
go through.

Sincerely,

Bonnie Tade

3/13/88

House Appropriation Committee
Capital Station
Helena, Mt.

I am writing to express my concern and support for ^{House} Bill #193. In a community like ours we depend on our library to keep us up to date. If we need something and they don't have it - they'll get it. As parents of 3 children, we definitely feel the library in Scobey is a necessity.

John & Melissa Tade
Bx 946
Scobey, MT.
59263

HB193
3/13/89

March 9, 1989

House Appropriation Committee
Capital Station
Helena, mt.

Please approve of House Bill no. 193
concerning state aid to public libraries. I
feel the cost is minimal for the benefits
we will gain.

Thank you.

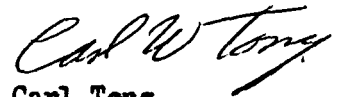
Ellen Tade
Box 753
Hobart, Mt 59263

3/13/89

House Appropriations Committee
State Capitol
Helena, Mt.

Dear Sirs;

I am writing to express my support for HR-193. I feel our libraries need all support available. The highly increased cost of books and other publications has caused myself and other members of my family to use our library more.



Carl Teng
Box 841
Scobey, Mt.

59263

3/13/89

March 10, 1989

House Appropriation Committee
Capitol Station
Helena, Mt

Please approve House Bill no. 193 concerning state aid for public libraries. In our area I am especially in favor of the per capita - per square mile funding. We need this bill.

Thank you.

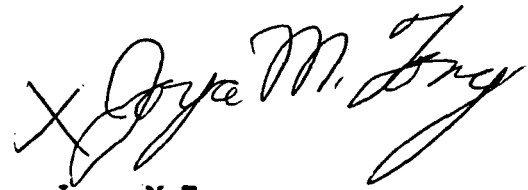
Ana Brenden
Box 313
Deerley, Montana 59263

HB 193
3/13/89

House Appropriations Committee
State Capitol
Helena, Mt.

Dear Sirs;

As a disabled person, I feel our libraries need all assistance possible. HR-193
is a step in the right direction and I support it fully.

A handwritten signature in cursive script, reading "Joyce M. Teng". The signature is written in dark ink and is positioned above the typed name and address.

Joyce M. Teng
P.O. Box 555
Scobey, Mt.

59263

HB 193
3/13/89

Scobey, Montana
March 10, 1989

House Appropriations Committee
Francis Bardanouve, Chairman
Capitol Station
Helena, Montana 59620

Dear Committee Members:

I am writing to you in regards to House Bill 193 which pertains to state aid for libraries. I urge you to support this bill as I feel that it is vital to our Montana libraries. My family and I have always been users of the Interlibrary loan program and this is one area that I think will be in jeopardy if state aid does not materialize. Our county library has been hard hit financially with the poor economic conditions and rising costs and state aid would insure that the quality library service would remain available.

Once again I hope that your committee will vote favorably on this bill. Free access to information is necessary for all Montanans. Thank you.

Sincerely Yours,

Marlene J. Machart

Marlene J. Machart
Box 1112
Scobey, Montana 59263

Our Montana libraries need help in this period of budget cuts, decreased taxes (due to I-105) and the poor economy. We need help to survive.

The decline in the coal severance tax revenues, the loss of Federal revenue sharing and the decreased value of local mills have added to our financial difficulties.

Because of this, local government cannot fund our libraries at the level that guarantees equal access to information for all the people of Montana.

The Information Access Bill will provide assistance to libraries for interlibrary loans. It has been shown that most of the out of state interlibrary loans subject areas are medical sciences, social sciences, education, technology-applied sciences and pure sciences. Interlibrary loans are important. It gives the people of Montana free access to information. If we could no longer provide this service free we would have to charge our patrons between \$7 and \$10 for this service. The people who need and use this service the most would not be able to get the information they need.

Interlibrary loans are the most cost effective way of sharing information. We do not have to duplicate material in every library. Reimbursement of interlibrary loans will help share material from a university's collection, special material from a medical or law library, to fiction from a small school or public library.

Our public libraries need help. They depend on the county for funding. Because of the difference in local mills the services of the libraries vary from county to county. The citizens of Montana should not be penalized by lack of information or access to it by where they choose to live.

State aid would allow our public libraries to extend services based on our local needs. It would assure equal access to information.

We also need the funding provided in our Information Access Bill to help our Federations. In 1979 the Legislature designated a portion of coal severance taxes to enable Federations to aid local libraries in providing basic services. As the coal severance tax declines our Federations are operating on a bare bones budget. We are not able to offer the basic services. It is becoming increasingly difficult to keep the Federations functioning because of the declining coal severance tax. If the Federation had stable funding they could help the public libraries through resource sharing and other cooperative efforts.

The funding formula for the state aid bill takes into account the number of people served and the square miles of the area served. Thus both large and small libraries will benefit.

Remember our libraries play an important part in the educational process. We should all have access to information regardless of where we live.

Libraries provide information, information is education, education will help Montana economically. Therefore Montana needs good libraries and House Bill 193 will do just that.

Louise Becken

HB 193
3/18/89

Written Testimony in Support of Public Library Funding HB-193

I have chosen to live in Helena, MT. because of the low population density and the outdoor recreation opportunities. However there are many other things that are needed to make my life rich and rewarding.

Lewis and Clark Library is one of them. There are three major aspects that make the library such a useful resource. First is a good physical plant. Far more important is the exceptional staff. The third feature that is important to maintain a high level of information is a free inter-library loan program.

Two years ago I did alot of research about Africa. This

110-1-
3/13/89

included some very old and obscure books. Of course our library didn't have a lot of what I was interested in, but they were obtained via the inter-library loan system. I also used the Carnegie Mellon Library of Pittsburgh, Pa during this time. The Lewis and Clark Library was much more useful to me because of the interest the staff showed in my project and because they could access as much as CML with the inter-library loan system.

The libraries of Montana are very important to the small communities they support and deserve full funding.

Sincerely
William E. Clausen
2915 Country Club Ave
Helena, MT 59601

HB 193

3/13/89

HB 193

3/13/89

March 9, 1989

House Appropriation Committee
Capitol Station
Helena, MT 59620

Dear Sirs:

I just wanted to drop a note to encourage you to vote in favor of
House Bill #193 for State Aid to Libraries.

Sincerely,

Mayra Tade

HB 193

3/13/89

9 pcs

SENATE BILL #80 - "AN ACT ELIMINATING THE CATEGORY OF "OTHER SPECIAL REVENUE FUNDS" FROM THE STATE TREASURY FUND STRUCTURE; AND, RECLASSIFYING OTHER SPECIAL REVENUE FUNDS AS STATE OR FEDERAL SPECIAL REVENUE FUNDS."

=====

THE 1987 LEGISLATURE ENACTED SECTION 17-2-111, MCA REQUIRING THE DEPARTMENT OF ADMINISTRATION TO PERFORM A BIENNIAL REVIEW OF ALL STATE AND OTHER SPECIAL REVENUE AND PROPRIETARY ACCOUNTING ENTITIES (A/Es) AND REPORT THE FINDINGS AND RECOMMENDATIONS TO THE LEGISLATIVE FINANCE COMMITTEE. OUR REPORT CONTAINED 9 RECOMMENDATIONS: PASSAGE OF SENATE BILL #80 WILL IMPLEMENT 1 OF THOSE RECOMMENDATIONS [RECOMMENDATION #6 ON P. 14 OF OUR REPORT].

=====

- BECAUSE A/Es CLASSIFIED AS "OTHER SPECIAL REVENUE" CANNOT BE DISTINGUISHED FROM STATE AND FEDERAL A/Es BY THEIR SBAS NUMBER, THE GENERAL APPROPRIATIONS ACT DOES NOT RECOGNIZE THEIR EXISTENCE. THIS RESULTS IN A GENERAL APPROPRIATIONS ACT THAT IS TECHNICALLY INCORRECT, CONFUSING AND MISLEADING TO ANYONE ATTEMPTING TO COMPARE THE STATE'S FINANCIAL STATEMENTS TO THE APPROPRIATIONS BILL.

- THE BUDGET AMENDMENT LAW, SECTION 17-7-402, MCA, ALSO APPEARS NOT TO RECOGNIZE THE EXISTENCE OF THE "OTHER SPECIAL REVENUE" A/Es. THE LAW REQUIRES THAT NO BUDGET AMENDMENT BE APPROVED FOR THE EXPENDITURE OF MONEY IN THE STATE SPECIAL REVENUE FUND UNLESS AN EMERGENCY JUSTIFIES SUCH EXPENDITURE. AMENDMENTS IN FEDERAL SPECIAL REVENUE A/Es CAN BE APPROVED TO SPEND FUNDS WHICH WERE NOT AVAILABLE FOR LEGISLATIVE CONSIDERATION. WHEN APPLYING THIS LAW TO "OTHER SPECIAL REVENUE" A/Es, SOME HAVE BEEN REQUIRED TO DEMONSTRATE THAT AN EMERGENCY EXISTS WHEREAS OTHERS HAVE BEEN ALLOWED BUDGET AMENDMENTS TO SPEND UNANTICIPATED REVENUES.

Teresa Timm

3/13/89

Teresa Timm, CPA, Accounting Systems Manager
Accounting Principles/Financial Reporting Section
Accounting Division - Department of Administration

EXHIBIT 1

DATE 3-13-89

HB 555

HAYS-LODGE POLE SCHOOLS

In recent years, School District #50 has been under poor management. It can be said that the school district has filed inaccurate federal applications for financial assistance, overspent its budgets repeatedly, hired employees at inflated salaries, made enormous loans to employees that have become uncollectible, allowed employees to embezzle school funds, paid employees for work that was never performed, and failed to enforce accountability district wide.

Between 1983-87, a conspiracy existed in the district. This conspiracy defrauded the school out of thousands of dollars. Loans were granted to employees with and without board approval. Also, duplicate payroll checks were issued by the inner-office staff. As of today, five individuals have been charged with this wrong doing. Four were employees and one was a trustee. The persons owe the school district \$121,062. The court charged the four employees with \$56,492. The individuals have been sentenced to repay the school \$56,492. At this time, none of the persons are working and restitution seems non-existent. However, three of the employees have turned over a total of \$11,000. in retirement funds to offset their "loans". An insurance policy on the school did not exist to cover the losses.

As surplus revenue was arriving from Washington, D.C., the school seems to have gone on a spending spree. A system of checks and balances was not in place to counter the spending. Little communication was used to convey needs and finances between the administration and accounting department.

The 1987-88 high school budget was roughly \$710,000. However, the school unwisely spent \$135,000. beyond that figure. Money it did not have. During the months of April, May, and June, the school was in a deficit situation. Each month the debt grew larger, until it reached \$135,000. at the end of June.

Meanwhile, the school district was expecting its spring 874 payment. But because of the past overpayments, there wasn't going to be another payment for the FY88.

A drop in enrollment over the past several years has meant a decrease in revenue from both the state and federal financing systems. Revenue is either generated by the number of enrolled students or the number attending school on a daily basis, depending upon whether it is federal or state financing.

During this period of time, services should have been cut back to a lesser amount so that it would reflect the revenue in the school budget. But this did not happen.

The blame for this whole affair rests primarily with the school district and its officials charged with handling finances. It has been negligent in its management responsibilities. But, they should not bear all of the blame. State and national authorities who looked after federal 874 applications are at fault. County staff members are at fault for allowing the debt to be carried into the new school fiscal year.

Late in September, the County Commissioners and Treasurer refused to allow the school district to increase its debt beyond the ceiling of \$175,000. A special meeting was put together in Hays, gathering state, county, and local officials to formulate a plan of action. A temporary solution was to transfer \$150,000. from the elementary school to the high school to repay its debt for not paying its fair share the past several years. At the same time, the county agreed to register warrants up to the \$100,000. figure.

In October, district officials traveled to Washington D.C. with

representatives from the O.P.I. and the Fort Belknap Indian Reservation to negotiate a repayment plan. The Montana congressional representatives were very helpful in successfully completing this endeavor.

The school is open today and operates on 874 funds received in November and equalization payments from the county.

There still is a dispute as to how much money the school district owes the federal government. Calculations by local and state personnel differ from those used by the Department of Education. This is an issue the district will resolve with time.

The immediate problem this year is to find additional money to complete the fiscal year. At present the district is short \$211,460. If a spring federal 874 payment as calculated is paid, the shortage of dollars will be reduced to \$127,682. The latter number is the amount necessary to meet obligations this fiscal year.

The question of finances for 1989-90 rests with the board of trustees. The trustees and the community desire a program equal to the one that has been offered to students in recent years. To accomplish this goal, \$100,470 in additional revenue will be necessary for the high school.

The district has changed. There is a new superintendent, business manager, principal, and five new trustees. Let us hope that solutions can be found so an isolated high school in Montana which serves Native Americans can stay open and continue to educate its students.

CAUSES OF FINANCIAL PROBLEMS

1.	Embezzlement by district officials		\$ 56,492.00	
	Unauthorized loans by district officials		64,570.00	

			\$ 121,062.00	
	Total sum collectible fall 1988		-11,000.00	

	Uncollectible balance		\$ 110,062.00	
2.	Overpayments Federal 874			
	High School		\$ 84,603.00	
	Elementary			
	FY 87	\$ 248,777.00		
	FY 88	+159,227.00		

		\$ 408,004.00	\$ 408,004.00	
3.	Federal 874 Special Education Misexpenditure			
	Elementary			
	FY 84 and 85	\$ 80,914.00		
	High School			
	FY 84 and 85	+38,267.00		

		\$ 119,181.00	\$ 119,181.00	
4.	Overspending High School 1987-88 Budget		\$ 137,995.00	

	Total liabilities confronting			
	School District #50 1988-89		\$ 859,845.00	

COURSE OF ACTION

November 1987	Notification of High School 874 overpayment \$65,858.00
May 1988	Notification of Elementary 874 overpayment \$248,777.00
July 1988	New Superintendent arrives Trustee removed High school overpayment discovered \$35,622.00 Elementary school overpayment discovered \$159,227.00 Inform O.P.I. - Bob Stockton
August 1988	Inform O.P.I. - Lynda Brannon; County Superintendent Carol Elliot Four employees fired for embezzlement
September 1988	Contact John Forkenbrock, Washington, D.C., National Association Impact Schools Contact Fort Belknap Education Dept., Loren Stiffarm Montana Indian Impact Schools notified Meeting with Lynda Brannon; and attorney Chip Erdmann Contact Ed Argenbright, O.P.I. Superintendent Meeting with county commissioners; and Tribal Council Preliminary 874 payments requested
October 1988	Meeting with Fort Belknap Tribal Council Meeting in Hays with county, state, local representatives Trustees resign Elementary payment received into high school Washington, D.C. - meeting with Dept. of Education officials - meeting with Congressional delegations Meeting with O.P.I. and legislative council representative New trustees begin service High school debt reduced to \$63,000.00
November 1988	Request early payments from State Board of Education Desperate request for 874 funds; funds arrive same day (Nov. 7) postpone request for early state payments

December 1988	Extra preliminary payment arrives and is returned after requested by Department of Education officials. Trustees confer with U.S. Department of Education on amounts owed and repayment plan
January 1989	Confirmation on overpayments and when repayments must begin
January 1	Request additional state financial help (\$127,682.00 grant)
January 1989	High school debt increased to \$84,603.00
February 1989	5 year repayment plans approved by Department of Education with 7% interest
February 1989	Request U.S. Congress to waive interest and extend repayment plan to 10 years
March 1989	District appeals \$119,181.00 special education funds

HIGH SCHOOL 1988-89 BUDGETSREVENUES

General Fund	\$601,550.00	State	\$127,583.00
G.F. deficit	135,035.00	County	151,728.00
Transportation	87,059.00	Feds	181,673.00
Comp. Insurance	15,000.00	Other	166,200.00
	<u>\$838,644.00</u>		<u>\$627,184.00</u>

\$838,644.00

Budget 1988-89

-627,184.00

Revenue

\$211,460.00

Shortage

\$265,450.00

Federal 874 Entitlement

-181,672.00

874 Preliminary Payment made in November

\$ 83,778.00

Balance due; spring 1989

\$211,460.00

Revenue Shortage

- 83,778.00

Spring 874 Payment, or loan from Board Investments

\$127,682.00

requested from State Grant

"874". Overpayments - Amounts Owed

High School

Elementary

\$ 84,602.98

\$408,003.89

38,267.05 -----special education----- 80,914.25

\$122,870.03

\$488,918.14

Yearly Payments for 5 years at 7% interest:

\$ 20,188.42

\$ 97,360.09

9,131.49 -----special education----- 19,308.20

\$ 29,319.91

\$116,668.29

Yearly Payments for 10 years with no interest:

\$ 8,460.30

\$ 40,800.39

3,826.70 -----special education----- 8,091.43

\$ 12,287.00

48,891.82

HIGH SCHOOL BUDGETS 1989-90

General Fund	\$601,550.00
Transportation	57,600.00
Insurance	7,000.00
Retirement	?
874 Repayment	29,320.00
	\$695,470.00

HIGH SCHOOL REVENUE

County Equalization	\$152,000.00
State Equalization	78,000.00
Permissive	50,000.00
P.L. 81-874	315,000.00
	\$595,000.00

HIGH SCHOOL SHORTAGE

\$695,470.00
-595,000.00
\$100,470.00

High School Reserves	\$0.00
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ELEMENTARY SCHOOL BUDGETS 1989-90

General Fund	835,205.00
Transportation	75,200.00
Insurance	13,150.00
Retirement	?
874 Repayment	116,668.00
	\$1,040,223.00

ELEMENTARY REVENUE

County Equalization	180,000.00
State Equalization	110,000.00
Permissive	65,000.00
P.O. 81-874	360,000.00
	\$ 715,000.00

ELEMENTARY SHORTAGE

	\$1,040,223.00
	- 715,000.00
	\$ 325,000.00

Elementary Reserves	\$300,000.00
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EXHIBIT 2
DATE 3-13-89
HB 555

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE, my name is Robert Windel. I am superintendent of schools at Havre.

I am an opponent of HB 555 for numerous reasons; some I expect to convey to you today to help influence your decision on this piece of legislation.

All of you are cognizant of the difficulties that have fallen on many school districts across Montana. Difficulties that are reflective, to a large degree, of both local and state economic difficulties. Right here in Helena the problem persists (see attachment 1).

[INSERT: ATTACHMENT 1]

Havre Public Schools has also been a victim of these difficult economic times, yet we did not come to the legislature with the detestable request that HB 555 suggests. No, instead, at the risk of curtailing my "honeymoon period" as the new superintendent at Havre, I immediately presented a two-year expenditure reduction plan to the Board of Trustees and the staff in District 16A (see attachment 2).

[INSERT: ATTACHMENT 2]

I estimated that expenses needed to be reduced by \$566,000 during the next two years, that is 1987-88 and 1988-89 or our district would face a financial crises. The board adopted the plan I recommended and I took immediate action in February of 1987 to reduce expenditures in our district. Those reductions included:

- 1) a moratorium on national travel (including the traditional national convention for the superintendent and the national convention for school board members)
- 2) supply orders were scrutinized and building principals informed that only "essentials" would be purchased during the months of March - May of that year
- 3) a custodian's work schedule was revised to fill the gap left by an unexpected resignation
- 4) restrictions were placed on overtime
- 5) a telephone was disconnected to save \$60.00 per month
- 6) modified zero-based budgeting was introduced.

The next year's expenditure budget i.e., 1987-88, was reduced by \$422,000. The 1988-89 budget was reduced by another \$140,000. Total reductions equaled nearly \$562,000 during these past two years. Thirty-three positions were eliminated the first year and five more were eliminated during this year. That translates into a total of thirty-eight fewer positions now than when I first became superintendent during the 1986-87 school year. We have fewer secretarial staff, fewer custodians, fewer teachers, fewer administrators, fewer school nurses, fewer coaching positions, fewer extra-curricular supervisory positions, and fewer teacher aide positions. In my nearly three years as superintendent I have not attended a national convention nor has our

Board of Trustees traveled to a national convention. Career teachers received an embarrassingly trite increase of only 2% during a three year period i.e. less than 1% per year.

Don't misunderstand, I'm not complaining. All I mean to suggest is that our district, like many others, has prudently managed and we expect others to do the same. After all, that's what we get paid for.

What concerns me today is the audacious nature of HB 555. To me it represents a legislative stamp-of-approval for mismanagement of public entrusted dollars. Legislative endorsement suggests that to manage school funds poorly is okay --- we, the legislature, will bail you out if you recklessly overspend.

Let me assure you all, that I would be extremely popular with my staff had I not reduced our budget by \$562,000. If I could hand out appropriate raises, spend money on every supply request, replace eliminated positions, and do other necessary adjustments to keep peace without respect for staying within the budget constraints.

If you support this legislation, and then go back to your home school district with a clear conscience, I will be amazed. Further, if this committee approves HB 555 I will feel inclined to send you a bill in the amount of \$562,000 that is signed by our nearly 300 employees that have "tightened their belts" during these past couple of years.

Need I say more? Please carefully consider the ramifications of this type of legislation. I urge your vigorous opposition to HB 555.

Thank you.

Education layoffs a possibility

Hearing on Thursday

By ANDY BIRD
IR Staff Writer

Source: *Helena Independent Record* - 2/15/89

As many as 26 high school teachers could lose their jobs next year under budget slashing options being considered by school district trustees. Community members will have the chance to add their two cents worth Thursday night at a special public hearing.

Also at stake during the hearing, slated for 7 p.m. in the Capital High gym are academic, athletic and music programs, secretarial positions and nursing services.

"This is very serious, even more serious than last year," said Erv Winslow, Helena School District 1 superintendent.

The district must find a way to trim nearly \$850,000 from the 1989-90 high school budget, which was slashed nearly \$700,000 last year.

Declining enrollment — resulting in less foundation money from the state — and teacher's salary increases are responsible for 93 percent of the shortfall in the 8.3 million budget.

Topping the list of options worked up during several special board budget meetings are proposals to eliminate dozens of teaching positions.

The most serious option would "abolish the comprehensive high school philosophy ... and maintain a core curriculum as outlined by the minimum Montana State Accreditation Standards," according to a report released by Winslow this morning. It would save the district \$622,440 by eliminating 26 high school teaching positions.

Other options include reducing the academic day to six periods, eliminating 12 teachers and saving \$166,000.

Athletic programs under consideration for elimination include tennis, \$11,000; golf, \$9,900; and swimming, \$10,800.

Also in danger are gymnasium coordinators at each school as well as the district athletic director's position.

Options involving music activities include eliminating district Music Coordinator Dave Bunn's high school position, and cutting the Capital High Jubilettles and Helena High's Chamber Ensemble.

Also under consideration are staff reductions in the administration and business offices and eliminating one full-time nursing position, which would leave one nurse to serve both high schools.

The Board of Trustees is scheduled to make decisions on budget cuts at a special meeting on Feb. 22.

PREDICTIONS REGARDING THE FINANCIAL

FUTURE OF HAVRE PUBLIC SCHOOLS

FEBRUARY 1987

PREDICTIONS ARE OUR BEST PRESENT
ESTIMATES...SOMETIMES CIRCUMSTANCES

CHANGE AND PREDICTIONS

MUST CHANGE ALSO

WHY ARE WE CONCERNED?

What has happened to expected (anticipated) income?

\$ 56,000	(estimate)	Unpaid taxes
<u>\$ 40,000</u>	(approximately)	State/federal cuts (special education, transportation, etc.)
\$ 96,000	(estimate)	money that we expected in the 1986-87 budget that will not be re- ceived

- \$96,000

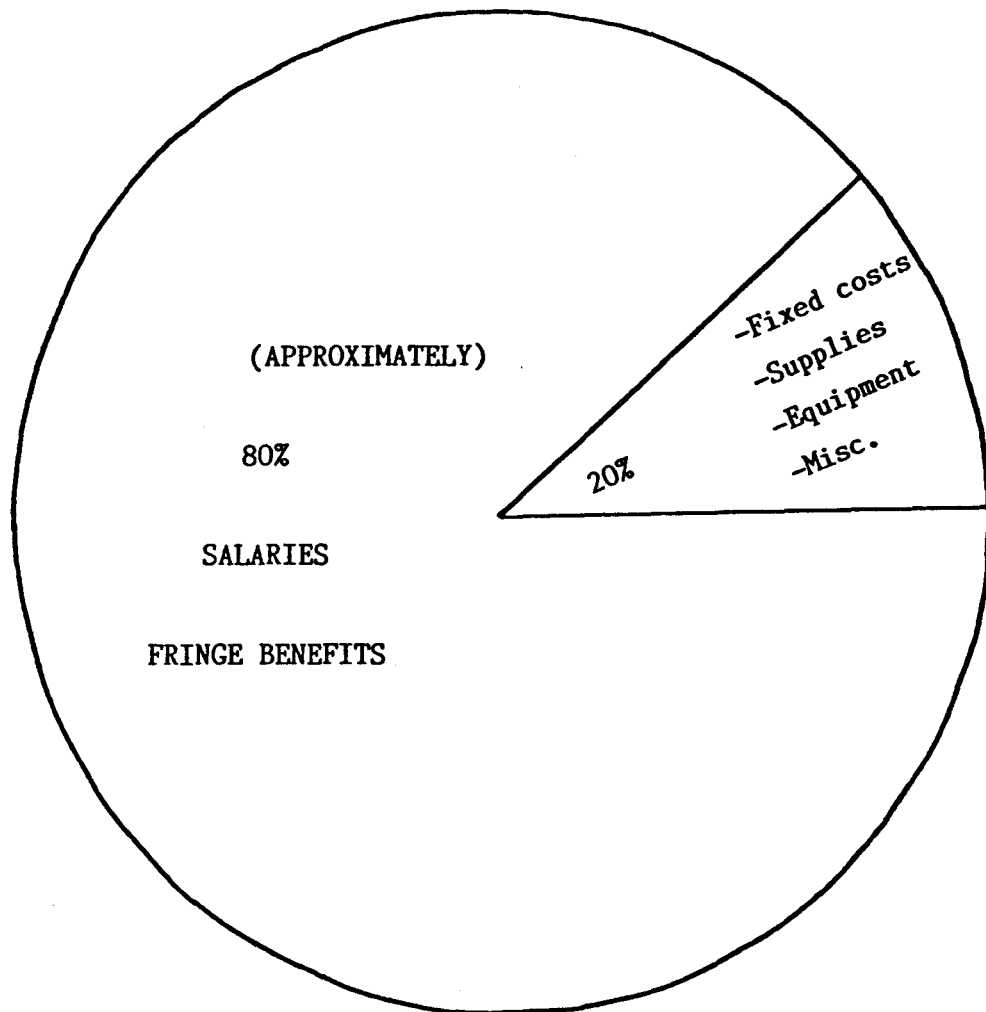
<u>+\$30,000</u>	(estimate)	Additional revenue (state motor vehicle fees, interest, con- struction reimburse- ment, etc.)
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- \$66,000	Short this amount of revenue
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ALSO...	\$500,000	Cash reappropriated to "afford" this year's budget, i.e., 1986-87
	<u>+\$66,000</u>	

\$566,000	Total amount neces- sary to maintain this year's budget during <u>next</u> school year, i.e., 1987-88
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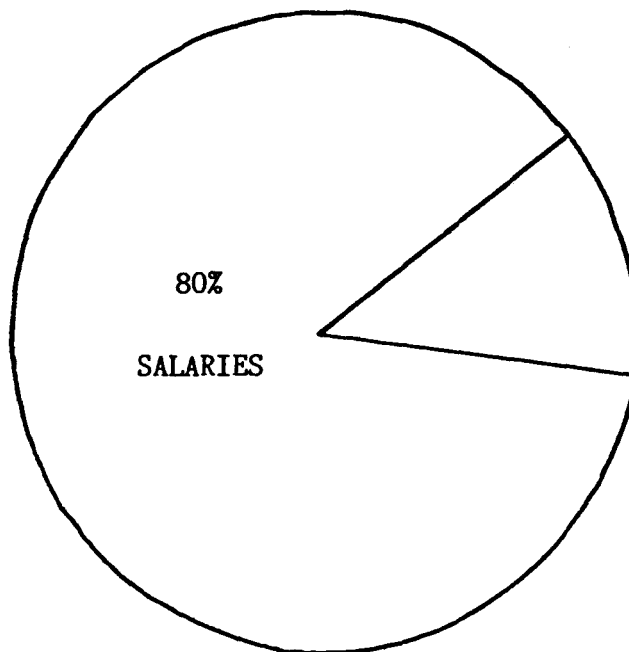
HOW IS MONEY (REVENUE) SPENT IN OUR SCHOOL DISTRICT?



PREDICTING THAT OUR STATE FOUNDATION AID...

will not increase, what should we do to meet the challenge?

- Ordinarily we could ask the board to increase the local levy, but C.I. 105...and common sense...
- THEREFORE, our only alternative is to reduce spending during this school year and reduce next year's budget expense.



Salaries = people

WHAT CAN WE/HAVE WE DONE ABOUT THE ANTICIPATED SHORT FALL?

- Administrative realignment (2 central office administrators)
- Telephone disconnected (\$60/month)
- Moratorium on out-of-state travel
- Reassignment of custodial staff
- Modified zero-based budgeting
- Restrictions on overtime

CONSIDERATIONS:

- Special education cooperative membership
- Health insurance premium payment alternatives
- Non-renewal of maintenance contract with JCI
- Not fill vacancies caused by retirement/resignation
- Reduce classified employee hours
- Reduce district transportation costs
 - (a) in-city routes
 - (b) field trips
- Freeze salaries at 1986-87 level
- Other...
- Other...
- Other...
- Lay-off certified staff

EXHIBIT 1
DATE 3-13-89
SB 78

LEGISLATIVE FINANCE COMMITTEE

The following is a list of accounting entities whose fund balances will be transferred to the general fund on June 30, 1989 in accordance with Section 17-2-111, MCA. The committee recommends that these accounting entities be de-earmarked and reclassified as general fund.

A/E	Account Title	Agency Number	Agency	FY88 Fund Balance
02093	Westlaw	2110	Judiciary	\$ 5,667
02464*	Ag Lien Filing Fees	3201	Secretary of State	162,893
02047	Copying Fees	3202	Comm. of Political Pract.	519
02044*	Securities Regulatory Acct.	3401	State Auditor's Office	244,836
02060*	Insurance Regulatory Acct.	3401	State Auditor's Office	240,108
02401*	Police/Tire Retirement Fund	3401	State Auditor's Office	103,790
02119	Crime Control Fees	4107	Board of Crime Control	37
02013	Law Enforcement Academy	4110	Department of Justice	16,719
02014	Justice Insurance Clearing Acct.	4110	Department of Justice	-0-
02804	Escheated Estates	4110	Department of Justice	-0-
03141	I.D. Special Services	4110	Department of Justice	7,324
03944	Motor Veh. Prop. Tax Conversion	4110	Department of Justice	14,420
03014	Athletic Program	5113	School for Deaf & Blind	-0-
02059	EMT Certification	5301	Department of Health	(711)
02418*	Subdivision Plat Review	5301	Department of Health	51,289
02847	Insurance Proceeds	5301	Department of Health	56,941
03028	Legal Services	5301	Department of Health	3,361
03817	Rabies Vaccine	5301	Department of Health	6,162
02031	Foresters Nursery	5501	Dept. of State Lands	88,043
02438	Floodway Obstruction Removal	5706	Dept. of Natural Resources	400
03036	Centralized Services	5706	Dept. of Natural Resources	5,344
02441*	Cigarette Enforcement	5801	Department of Revenue	6,277
03902	Vehicle Assessment	5801	Department of Revenue	4,059
02035	MDC Donated Fnds-Prevoc. Ctr.	6402	MT Developmental Center	-0-
02846	MDC Canteen	6402	MT Developmental Center	-0-
02914	OFA-Canteen	6404	Center for the Aged	11,844
02917	MSP Canteen	6409	Montana State Prison	51,655
02918	SRYFC-Canteen	6410	Swan River Youth For. Camp	4,471
02919	SRYFC-Clothing Account	6410	Swan River Youth For. Camp	37,168
02920	Veteran's Home-Canteen	6411	Montana Veterans' Home	326
03113	Third Party Reimb-MVH	6411	Montana Veterans' Home	109,573
03932	Vet's Home Interest & Income	6411	Montana Veterans' Home	218
02921	MHS-Canteen	6412	Montana State Hospital	59,247
03933	MSH-Interest & Income	6412	Montana State Hospital	-0-
02028	Prop Occup Admin Services	6501	Department of Commerce	-0-
02079	Fireworks Wholesalers	6501	Department of Commerce	520
02101	GA Training	6602	Dept. of Labor & Industry	-0-
02915	MUS-Canteen	6911	Dept. of Family Services	737
02916	PHS-Canteen	6911	Dept. of Family Services	3,336
03931	PHS-Interest & Income	6911	Dept. of Family Services	63,967
Total				\$1,360,540=

*6 A/E's are statutorily established, although fund balances are unrestricted. Legislation has been introduced to remove earmarking requirements.

Regin

EXHIBIT 2
DATE 3-13-89
SB 78

SENATE BILL #78 - "AN ACT ELIMINATING STATE SPECIAL REVENUE FUND ACCOUNTS THAT PERIODICALLY TRANSFER THEIR UNOBLIGATED BALANCES TO THE GENERAL FUND; REQUIRING MONEY IN THOSE ACCOUNTS TO BE DEPOSITED IN THE GENERAL FUND."

=====

THE LEGISLATURE'S CONCERN ABOUT THE PROLIFERATION OF SEPARATE ACCOUNTS CREATED FOR EARMARKED REVENUES IS WELL-DOCUMENTED IN MONTANA HISTORY. SINCE 1923, AT LEAST 7 REPORTS HAVE BEEN PRESENTED TO THE LEGISLATURE ON THIS PROBLEM.

THE LATEST REPORT, DATED JUNE 1988, WAS PREPARED BY THE DEPARTMENT OF ADMINISTRATION'S ACCOUNTING DIVISION AS REQUIRED BY SECTION 17-2-111, MCA WHICH WAS ENACTED BY THE 1987 LEGISLATURE. WE MUST PERFORM A BIENNIAL REVIEW OF ALL STATE AND OTHER SPECIAL REVENUE AND PROPRIETARY ACCOUNTING ENTITIES (A/Es) AND REPORT THE FINDINGS AND RECOMMENDATIONS TO THE LEGISLATIVE FINANCE COMMITTEE. THIS STATUTE HAD TWO OBJECTIVES:

1. TO REQUIRE TRANSFERS OF UNOBLIGATED BALANCES IN SPECIAL REVENUE ACCOUNTS WHERE POSSIBLE THROUGH ADMINISTRATIVE ACTION; AND
2. TO DETERMINE IF AN ACCOUNT SHOULD CONTINUE TO EXIST, BE MODIFIED OR BE ELIMINATED USING STATUTORILY ESTABLISHED OBJECTIVE CRITERIA.

OUR REPORT CONTAINED 9 RECOMMENDATIONS: PASSAGE OF SENATE BILL #78 WOULD PARTIALLY IMPLEMENT 1 OF THOSE RECOMMENDATIONS BY REQUIRING THAT MONEYS IN 5 A/Es BE DEPOSITED (I.E., BUDGETED/RECORDED) IN THE GENERAL FUND, THUS ELIMINATING THOSE 5 SEPARATE A/Es.

THE STATE AUDITOR, SECRETARY OF STATE AND DEPARTMENT OF REVENUE, AS ADMINISTERING AGENCIES OF THESE 5 A/Es, ARE ALREADY REQUIRED TO TRANSFER REMAINING CASH BALANCES TO THE GENERAL FUND UNDER CURRENT STATUTES; HOWEVER, ONLY THE DEPARTMENT OF REVENUE COMPLIED WITH THOSE STATUTORY REQUIREMENTS DURING THE PERIOD COVERED BY OUR REPORT.

WE ALSO RECOMMENDED THAT 35 SIMILAR A/Es, WHICH DO NOT REQUIRE STATUTORY CHANGES, BE DE-EARMARKED AND RECLASSIFIED AS GENERAL FUND.

Teresa Timm 3/13/89
Teresa Timm, CPA, Accounting Systems Manager
Accounting Principles/Financial Reporting Section
Accounting Division - Department of Administration

1
3-13289
173
AB

accordance with the provisions of 20-9-805. Attendance for a part of a morning session or a part of an afternoon session by a pupil shall be counted as attendance for one-half day. In calculating the ANB for pupils enrolled in a program established under 20-7-117 prior to January 1, 1974, or pursuant to 20-7-117(1), attendance at or absence from a regular session of the program for at least 2 hours of either a morning or an afternoon session will be counted as one-half of a day attended or absent as the case may be. If a variance has been granted as provided in 20-1-302, ANB will be computed in a manner prescribed by the superintendent of public instruction, but in no case shall the ANB exceed one-half for each kindergarten pupil. When any pupil has been absent, with or without excuse, for more than 10 consecutive school days, including pupil-instruction-related days, his absence after the 10th day of absence shall not be included in the aggregate days of absence and his enrollment in the school shall not be considered in the calculation of the average number belonging until he resumes attendance at school.

(2) If a student spends less than half his time in the regular program and the balance of his time in school in the special education program, he shall be considered a full-time special pupil but shall not be considered regularly enrolled for ANB purposes. If a student spends half or more of his time in school in the regular program and the balance of his time in the special education program, he shall be considered regularly enrolled for ANB purposes.

(3) The average number belonging of the regularly enrolled, full-time pupils for the public schools of a district shall be calculated individually for each school, except that when:

(a) more than one school of a district, other than a junior high school in an elementary district which has been approved and accredited as a junior high school, is located within the incorporated limits of a city or town, the average number belonging of such schools shall be based on the aggregate of all the regularly enrolled, full-time pupils attending such schools located within the incorporated limits of a city or town;

(b) a junior high school which has been approved and accredited as a junior high school is located within the incorporated limits of a city or town in which a high school is located, all of the regularly enrolled, full-time pupils of the junior high school shall be considered as high school district pupils for the purposes of calculating the average number belonging of the high schools located within the incorporated limits of such city or town;

(c) a middle school has been approved and accredited, in which case pupils below the 7th grade shall be considered elementary school pupils for ANB purposes and the 7th and 8th grade pupils shall be considered high school pupils for ANB purposes; or

(d) a school has not been accredited by the board of public education, the regularly enrolled, full-time pupils attending the nonaccredited school shall not be eligible for average number belonging calculation purposes, nor will an average number belonging for the nonaccredited school be used in determining the foundation program for such district.

(4) When 11th or 12th grade students are regularly enrolled on a part-time basis, high schools may calculate the ANB to include an "equivalent ANB" for those students. The method for calculating an equivalent ANB shall be

(2) If a student spends less than half his time in the regular program and the balance of his time in school in the special education program, he shall be considered a full-time special pupil but shall not be considered regularly enrolled for ANB purposes. If a student spends half or more of his time in school in the regular program and the balance of his time in the special education program, he shall be considered regularly enrolled for ANB purposes.

(3) The average number belonging of the regularly enrolled, full-time pupils for the public schools of a district must be based on the aggregate of all the regularly enrolled, full-time pupils attending the schools of the district, except that when:

(a) a school of the district is located more than 3 miles beyond the incorporated limits of a city or town or from another school of the district, all of the regularly enrolled, full-time pupils of the school must be calculated individually for ANB purposes;

(b) a junior high school has been approved and accredited as a junior high school, all of the regularly enrolled, full-time pupils of the junior high school shall be considered as high school district pupils for ANB purposes;

(c) a middle school has been approved and accredited, in which case pupils below the 7th grade shall be considered elementary school pupils for ANB purposes and the 7th and 8th grade pupils shall be considered high school pupils for ANB purposes; or

(d) a school has not been accredited by the board of public education, the regularly enrolled, full-time pupils attending the nonaccredited school shall not be eligible for average number belonging calculation purposes, nor will an average number belonging for the nonaccredited school be used in determining the foundation program for such district.

(4) When 11th or 12th grade students are regularly enrolled on a part-time basis, high schools may calculate the ANB to include an "equivalent ANB" for those students. The method for calculating an equivalent ANB shall be determined in a manner prescribed by the superintendent of public instruction.

History: En. 75-6902 by Sec. 252, Ch. 5, L. 1971; amd. Sec. 1, Ch. 345, L. 1973; amd. Sec. 1, Ch. 343, L. 1974; amd. Sec. 3, Ch. 352, L. 1974; amd. Sec. 1, Ch. 373, L. 1974; amd. Sec. 1, Ch. 132, L. 1975; R.C.M. 1947, 75-6902(part); amd. Sec. 8, Ch. 288, L. 1979; amd. Sec. 1, Ch. 498, L. 1987.

Compiler's Comments

1987 Amendment: Substituted present introductory clause of (3), (3)(a), and (3)(b) for former introductory clause of (3), (3)(a), and (3)(b) that read: "(3) The average number belonging of the regularly enrolled, full-time pupils for the public schools of a district shall be calculated individually for each school, except that when:

(a) more than one school of a district, other than a junior high school in an elementary district which has been approved and accredited as a junior high school, is located within the incorporated limits of a city or town, the average number belonging of such schools shall be based on the aggregate of all the regularly enrolled, full-time pupils attending such schools located within the incorporated limits of a city or town;

(b) a junior high school which has been approved and accredited as a junior high school is located within the incorporated limits of a city or town in which a high school is located, all of the regularly enrolled, full-time pupils of the junior high school shall be considered as high school district pupils for the purposes of calculating the average number belonging of the high schools located within the incorporated limits of such city or town".

Cross-References

- School fiscal year. 20-1-301.
- Released time for religious purposes to be counted as part of school day. 20-1-308.
- Preschool program to be included in calculation of ANB, 20-7-117.

County of Yellowstone



SUPERINTENDENT OF SCHOOLS

BILLINGS, MONTANA

January 16, 1989

Mr. Bruce Moerer
Montana School Boards Association
#1 South Montana
Helena, MT 59601

Dear Bruce,

There are two school districts in Yellowstone County that are financially effected by 20-9-311, i.e., the funding of middle schools.

Lockwood, District No. 26, will have a loss in foundation program revenue of approximately \$58,952 using enrollment of the October 1st Fall Report. Adding the permissive of \$14,738 creates a total loss of revenue in the amount of \$73,690.

Huntley Project, District No. 24, has a similar loss. Using the enrollment on the Fall Report of 1988 the loss would be \$75,620.72 including the permissive of \$15,124.15.

Hopefully legislation will be passed to assist these districts in spreading their loss over a period of years. With restrictions of I-105, they will be unable to recover any of the lost dollars through special levies.

Please advise this office of hearings scheduled to address the issue - HB173.

Sincerely,

A handwritten signature in dark ink, appearing to read "Buzz", written over a horizontal line.

H. C. "Buzz" Christiansen

HCC/njb

cc: School Districts No. 24 and 26

RECEIVED
JAN 18 1989
MT. SCHOOL BOARDS
ASSOCIATION

IMPACT OF MONTANA LAW #20-9-311-3
FLATHEAD COUNTY SCHOOLS
SCHOOL BUDGET 1988-1989

S.D. #	SCHOOL	SCHOOL BUDGET 1988-1989	1988-1989 SCHOOL BUDGET UNDER MONTANA LAW 20-9-311-3	DIFFERENCE LOSS/(GAIN)
2	Deer Park School			
	Foundation	\$195,168.64	\$163,996.80	\$31,171.84
	Permissive	\$48,792.16	\$40,999.20	\$7,792.96
	TOTAL			\$38,964.80
4	Swan River School			
	Foundation	\$238,657.76	\$205,224.21	\$33,433.55
	Permissive	\$59,664.44	\$51,306.05	\$8,358.39
	TOTAL			\$41,791.94
30	Kila School			
	Foundation	\$117,248.80	\$117,730.08	(\$481.28)
	Permissive	\$29,312.20	\$29,432.52	(\$120.32)
	TOTAL			(\$601.60)
38	Bigfork School			
	Foundation	\$685,113.57	\$638,227.71	\$46,885.86
	Permissive	\$171,278.39	\$159,556.93	\$11,721.46
	TOTAL			\$58,607.32
50	Evergreen School			
	Foundation	\$1,009,604.22	\$994,710.40	\$14,893.82
	Permissive	\$252,401.06	\$248,677.60	\$3,723.45
	TOTAL			\$18,617.27
54	Marion School			
	Foundation	\$175,793.44	\$163,263.68	\$12,529.76
	Permissive	\$43,948.36	\$40,815.92	\$3,132.44
	TOTAL			\$15,662.20
	TOTAL FOUNDATION			\$138,433.55
	TOTAL PERMISSIVE			\$34,608.39
	TOTAL DIFFERENCE			\$173,041.94

LAKE COUNTY SCHOOL DISTRICTS' LOSS OF FUNDING IF AGGREGATE ANB UNDER 3 MILES

1988-89 BUDGETS

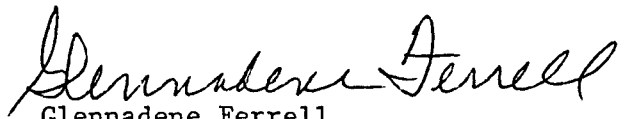
SCHOOL DISTRICT NO. 7-J, CHARLO

ANB	Foundation Program	Foundation Program
K-6 151	with Separate Bldg.	Under 3 mile rule
7-8 39	Funding for 7-8	
	Foundation \$356,373.12	Foundation \$279,215.09
	Permissive 89,093.28	Permissive 69,803.78
	Loss: \$96,447.53	

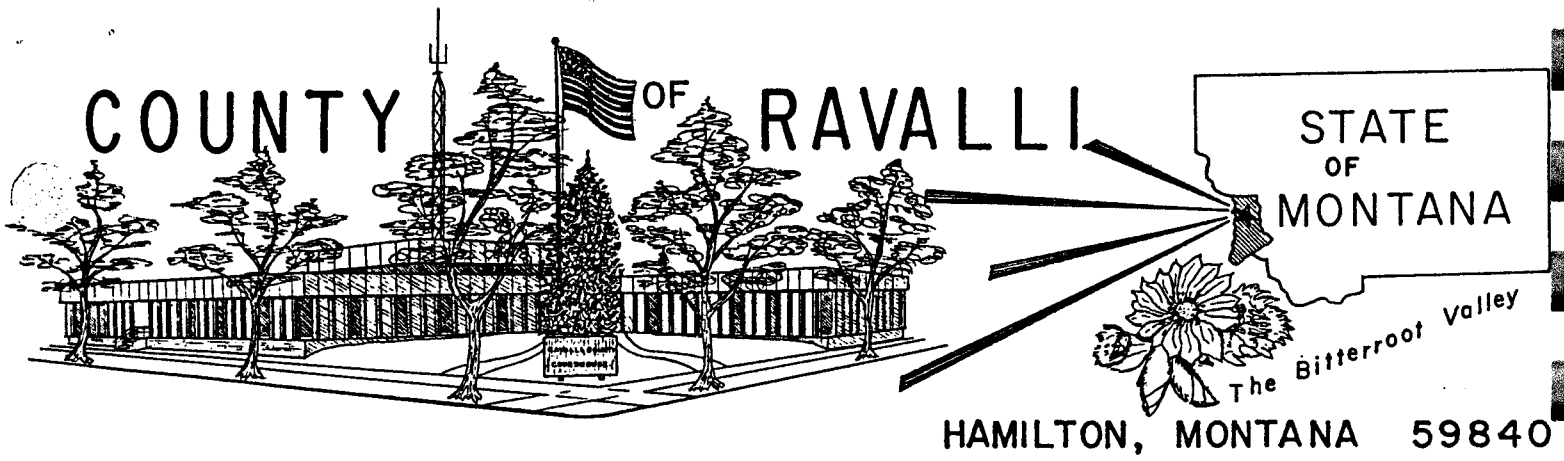
SCHOOL DISTRICT NO. 8-J, ARLEE

ANB	Foundation Program	Foundation Program
K-6 244	with Separate Bldg.	Under 3 mile rule
7-8 86	Funding for 7-8	
	Foundation \$565,813.54	Foundation \$437,341.31
	Permissive 141,453.38	Permissive 109,335.33
	Loss: \$160,590.28	

As Lake County and these school districts have a low taxable value, the difference in the permissive amount figures would all be part of the State's share of the permissive funding.


Glennadene Ferrell
Lake Co. Supt. of Schools

RECEIVED
JAN 13 1989
MT. SCHOOL BOARDS
ASSOCIATION



January 16, 1989

Bruce Moerer, Attorney
M.S.B.A.
1 So. Montana
Helena, Montana 59601

Dear Bruce:

Rachel Vielleux, Missoula County Superintendent just informed me that there may be hope for modifying H.B.340, and that you were collecting information regarding its' effects on fiscal 1990 schools. To keep it simple, the figures represent what each K-8 school district would lose under 340, assuming that the current A.N.B. does not change.

		K-6 enrollment	7-8 enrollment
Corvallis, District #1	\$152,307.	228+188	+143
Stevensville, " #2	109,208	264+232	+190
Hamilton, " #3	134,047	300+136+141+54	+192

I hope this is a help. (The rest of the districts in Ravalli County are not affected.)

Sincerely,

Greg Danelz

Greg Danelz
Superintendent of Schools
Ravalli County, Montana

RECEIVED

JAN 16 1989

MT. SCHOOL BOARDS
ASSOCIATION

Missoula County School Districts

Projected Revenues for 1989-90
State and County Equalization

District	1988-89 ^① Found. Prog.	Est. 1989-90 ^② Found. Prog.	Difference ^③ Incr.(Decr)	Incr.(Decr) ^④ Due to HB 340	Incr.(Decr) ^⑤ From Enroll.
1	10,013,857	9,996,369	(17,488)	(70,614)	53,126
4	1,375,753	1,301,163	(74,590)	(56,925)	(17,665)
7	954,750	954,099	651	(83,569)	84,220
11	278,418	207,241	(71,177)	(55,271)	(15,906)
14	621,190	632,933	11,743	0	11,743
18	169,159	124,821	(44,338)	(79,759)	35,421
20	234,299	175,358	(58,941)	(74,850)	15,909
23	827,040	774,325	(52,715)	(34,684)	(18,031)
30	33,042	20,158	(12,884)	0	(12,884)
32	501,586	475,043	(26,543)	0	(26,543)
33	208,143	165,759	(42,384)	(34,328)	(8,056)
34	479,527	414,552	(64,975)	(90,003)	25,028
40	969,058	906,511	(62,547)	(84,083)	21,536
			<u>516,188</u>	<u>664,086</u>	
40 HS	532,782	479,202	(53,580)	0	(53,580)
MCHS	8,020,745	7,831,976	(188,769)	0	(188,769)

CLASS 3 TOTAL (244,208)
CLASS 3 K-8
CONVERSION (77,510) IN ADDITION

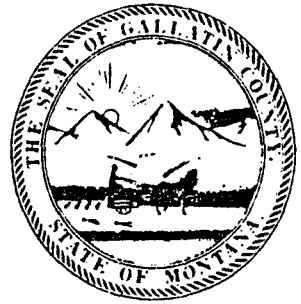
Notes:

- ① 1988-89 Foundation Program taken from approved budgets.
- ② Estimated 1989-90 Foundation Program amounts were calculated with 1989 fall enrollment figures, adjusted for PIR days.
- ③ Total change in Foundation Program from FY 89 to FY 90.
- ④ Effects of HB340 on funding in 1989-90. Constant ANB assumed.
- ⑤ Effects of enrollment changes on funding in 1989-90.

State of Montana

County of Gallatin

Bozeman



To: Legislative Committee on Education

From: Mary Ann Brown, Gallatin County Superintendent of Schools

Re: House Bill 173

Date: January 20, 1989

I have two school districts in Gallatin County that will be affected by HB 173. My initial request would be for the statute 20-9-311 (3a) to be changed to not include from another school of the district.

Anderson and Monforton School Districts will lose approximately \$ 3,000.00 and \$ 24,500.00 respectively. This amount of money to lose at all is significant and even more so if lost all in one year. These losses will be 2% for Anderson and 8% for Monforton School Districts from their foundation program alone. I urge you to approve this bill to allow the school districts to anticipate this loss over a 5 year period. One must realize that these districts will not be able with the constraints of C.I. 105 to receive this money except through an emergency levy.

These two school districts have with the passage of this bill in 1987 lost a significant amount of operational monies and put more tax liability on to the local taxpayer.

I urge you to approve HB 173.

RECEIVED
JAN 24 1989
MT. SCHOOL EDUCATION
ASSOCIATION

exp 2
Harrison
N/B EXHIBIT 2
DATE 3-13-89
HB 173

INFORMATION COMPILED FOR TESTIMONY ON HB 173

Monday March 13, 1989 8:00 a.m.

FOR: House Appropriations Committee

RE: HAMILTON SCHOOL DISTRICT #3
NEED FOR HB #173

The following is information based on 1988-89 funding and
1st semester enrollments:

SCHOOL	FTE	ANB	FOUNDATION PROGRAM	PERMISSIVE AMOUNT
Daly	17	314	\$ 375,795.20	\$ 93,948.80
Grantsdale	6	139	\$ 197,589.06	\$ 49,397.26
Washington	7	157	\$ 219,242.34	\$ 54,810.58
Westview - 6	2	49	\$ 48,516.48	\$ 12,129.12
Westview 7-8	13	203	\$ 383,296.48	\$ 95,824.12
			\$ 1,224,439.56	\$ 306,109.88
TOTAL				
			\$ 1,530,549.44	

UNDER HB 340 HAMILTON'S FUNDING WOULD BE:

K-6 Foundation Program	\$788,691.20	
7-8 Foundation Program	\$323,663.20	
	\$1,112,354.40	\$1,530,549.44
		- \$1,390,443.00
K-6 Permissive Amount	\$197,172.80	\$ 170,106.44 (loss)
7-8 Permissive Amount	\$ 80,915.80	
	\$ 278,088.60	
TOTAL	\$ 1,390,443.00	

HAMILTON WOULD LOSE \$170,106.44 IN ONE YEAR WITHOUT THE ASSISTANCE
OF HB 173. THIS WOULD RESULT IN POSSIBLE REDUCTION OF STAFF,
PROGRAMS, AND MATERIALS. HB 173 WOULD ALLOW THE DISTRICT TO PLAN
AND BETTER PREPARE FOR THE REDUCTION IN FUNDING.

REASONS FOR DISTRICT'S SUPPORT OF HB #173:

- 1) LOW COST PER STUDENT AT BOTH HS AND ELEMENTARY**
 - see attached "RANK ORDER" of A-AA schools (pink)
- 2) POSSIBLE LEVY FAILURE**
 - majority of voters in our district are retired on fixed incomes
 - depressed economic area
 - other local levies failing
- 3) FIXED COSTS IN BUDGET**
 - salaries, buildings and maintenance, etc.
- 4) EFFECTS OF 1105**
 - budget freeze vs. raising costs (fuel, utilities, supplies)
 - can't keep up with inflation or cost of living
- 5) ALREADY LOW EXPENDITURES - THE CUTS WOULD HAVE TO AFFECT PROGRAMS**

FACTS WE WOULD LIKE YOU TO BE AWARE OF:

\$170,106.44 IS -

10% OF OUR GENERAL FUND BUDGET (\$1,803,692.18)

AND

12% OF OUR AVERAGE PER PUPIL AMOUNT

On behalf of the Hamilton Board of Education I urge you to endorse House Bill 173.

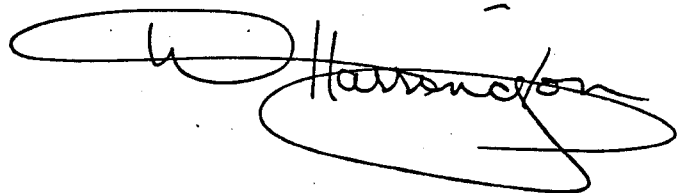
A handwritten signature in black ink, appearing to read "W. Harrison", is written over a large, loopy circular flourish.

EXHIBIT-3
DATE 3-13-89
HB 173

TESTIMONY BEFORE HOUSE APPROPRIATIONS COMMITTEE; H.B. 173

MARCH 13, 1989

STEVE GAUB, SUPT. DISTRICT 7J, CHARLO, MT

Mr. Chairman, Ladies and Gentleman of the House Appropriations Committee, I am here testifying on behalf of House Bill 173. If you do not do something to mitigate the effects of House Bill 340 that was passed by the 50th Legislature the Charlo Elementary School will lose \$96,447.53 out of it's elementary general fund budget of \$542,274, or apprx. 18%. We are not a rich District, we spent 2,484 per child in the elementary school in 1987-88. This in a school of 205 students. We currently levy 36.02 mills in total for the elementary budget. If we lost the monies currently received for Junior High funding, we would have to levy an additional 89.55 mills to recoup the loss. Obviously we could not do that, consequently our program would have to be cut by 18% to make up for the loss in revenue. This would have a drastic effect on the children of our community. We have already cut one teaching position and the elementary principal's position, so that any further cuts would be of a programatic nature.

A laundry list of potential cuts might be; Kindergarten, art, music. p.e., and some vocational programs. Because our high school program and junior high programs are so inter-related, any junior high cuts would also seriously hurt secondary programs. Many of the junior high staff that

teach the above disciplines also teach in the high school, any cuts in those programs would reach deep into the secondary program as well. We have several elementary classes that either meet or exceed the state minimums in terms of teacher/student ratio. Loss of these monies would force us to cut all aide positions so that we could not meet current standards let alone the new Project Excellence standards that the BPE has proposed. Example; next years first grade has 30 students the current standards dictate that a first grade classroom be no larger than 26, without at least an instructional aide, we would not meet minimum state standards. This really hits home when you are involved as both an educator and a parent as I am, I will have a son in that first grade class next year.

The current junior high building in Charlo was built in good faith in 1976. It would not have been built without the current funding system. It is not fair to punish today's students in 24 schools accross Montana for the astute management that occured when Boards and administrators took advantage of the "loophole" that is closed by HB 340. When the legislature changed the drinking age from 19 to 21, it did not tell the then 19 year olds that they must discontinue the legal consumption of alcohol, the legislature in it's infinte wisdom "grandfathered" those Montanans into the genre of legal drinkers. I am asking for similar treatment, at best we would request to continue to recelve the non-aggregated Junior high funds and that HB

173 be amended to reflect such an action. Failing that, we would request the passage of HB 173 in its current form.

It is obvious that the loss of this revenue would be devastating to the Charlo Schools. The even more depressing concept is our inability to make this revenue up from other sources. It is not as if the patrons of our District do not support the school, over the last four years every voted levy has passed by at least a 2 to 1 margin and our rate of delinquent taxpayers is below 1% of the total taxpaying public of District 7J. We do receive PL 874 monies in lieu of the non-taxable government land in our District, but it amounts to a total of \$10,199 for 1988, certainly not a replacement for the loss of over \$96,000. I 105, the Governor's budget which freezes K-12 educational funding, and our District's low tax base all make losing the \$96,000 even more unpalatable.

The 1987 Montana Legislature did a great disservice to schools accross Montana. You have the unique chance to change the decision of your predecssors.

Members of the committee, please vote to maintain the Charlo Schools as a viable entity, give a resounding DO PASS reccomendation for an amended version House Bill 173, Thank you.

eqds 4
 EXHIBIT 3-13-89
 DATE 173
 HB

WHAT ARE THE EFFECTS OF HB 173
TO STEVENSVILLE SCHOOLS?

As you know, HB 340 eliminated special funding for schools outside of city limits after this year, even though we were following the laws of Montana as written regarding funding of rural schools. If HB 340 had not passed, the following approximate income would be generated from Foundation plus Permissive funds.

<u>School</u>	<u>Projected ANB For 1989-90</u>	<u>MGFB W/O Vote Amount</u>	
K-3	274	\$ 422,503	} \$774,828
4-6	214	352,325	
7-8	<u>180</u>	<u>442,219</u>	
(K-8) Totals	668	\$1,217,047	

With the passage of HB 173 the following would take place in 1989-90 budgeting:

<u>School</u>	<u>Projected ANB For 1989-90</u>	<u>MGFB W/O Vote Amount</u>	<u>HB 340 Loss</u>	<u>MGFB W/O Vote W/HB 173</u>	<u>Reduced 1/5 Loss</u>
K-6	488	\$ 730,048	(\$ 44,780)	\$ 765,872	(\$ 8,956)
7-8	<u>180</u>	<u>\$ 358,740</u>	<u>(\$ 83,479)</u>	<u>\$ 425,523</u>	<u>(\$16,696)</u>
K-8	668	\$1,088,788	(\$128,259)	\$1,191,395	(\$25,652)
			(26.25 mills)		(5.26 mills)

Status of Ed at Stevensville

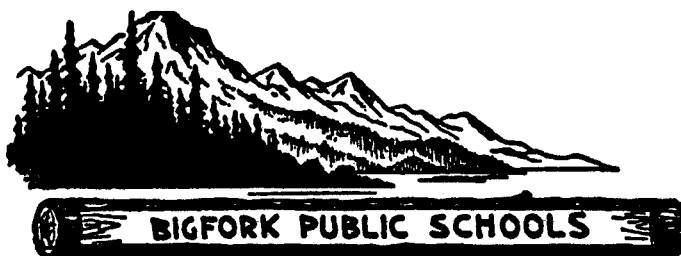
We have not increased our textbooks or supplies for the last 5 years. Salaries are below state averages for all positions.

We have only 1 counselor and librarian for 3 buildings. We have a half time art teacher to meet Junior High certification

Possible areas of cuts could include:

1. Two Elementary music teachers.
2. One K-8 Counselor.
3. Two Elementary P.E. teachers.
4. Half time art teacher (Junior High).
5. Textbooks
6. Supplies

HB 173 S
EXHIBIT 3-13-89
DATE 173
HB



School District No. 38, Flathead & Lake Counties
BIGFORK, MONTANA

TO: House Appropriations Hearing Committee

FROM: Jean Hagan, Bigfork Superintendent of Schools

RE: HB 173...phase-in financial impact to schools resulting from aggregation of ANB

DATE: March 13, 1989

If present law is not reversed, Bigfork Elementary School District will lose approximately \$50,000 in foundation and permissive revenue in the next fiscal year alone.

Though there may have been valid questions regarding the basic equity of the previous law which allowed for differentiated funding, there is no equity or fairness in the present law because the rules changed at the same time I-105 became effective. At this time, districts do not have any recourse.

There is virtually no place, which is fiscally sound, to turn, to make up the loss. Because I-105 froze what could be asked of property taxpayers, affected districts are unable to plead their cases locally, to make up the deficits.

Bigfork has already "tightened its belt", examples include -

1. Bigfork was one of the first to require students to "pay to play" in extracurricular activities.
2. Two of the elementary classes presently exceed the 30 student state standard recommendation for class sizes; and, other class loads are either at the limit or near the limit.
3. Last year, teachers' negotiations extended through 15 months...basically because of the minimal increase in salary the board was able to offer.

4. Volunteers are recruited from the community to assist in the classroom, as well as to perform major safety related renovations and to address general maintenance. Increasingly, the Bigfork Public Schools operate as private schools in respect to relying on the community for volunteer services.
5. The value of the mill has not appreciated over the past three years. Because of obligations drawing on the mills levied from other budgets, i.e. transportation, insurance, (debt service), and tuition, the general fund is the one to suffer. The total number of mills assessed property owners of Bigfork School Districts has remained the same over the past three years.

IN SUMMARY:

Because there is virtually no recourse due to the ramifications of I-105, districts are not able to compensate for the loss in revenue. "Belt tightening" has already taken place.

Your approval of appropriations for HB173, and its passage, will recognize that the affected districts were indeed caught in untenable circumstances. Your assistance in this matter will be most appreciated.

EXHIBIT 6
DATE 3-13-89
HB 173

HUNTLEY PROJECT SCHOOLS

DISTRICT OFFICE
Ramona Stout - Superintendent
Darlene Ostrum - Clerk

PRINCIPALS
T. J. Phillips - High School
Nicholas Scheuring - Jr. High
Ron Scherry - Elementary

March 10, 1989

House Appropriations Committee

Dear Legislators:

Huntley Project Schools urges you to support funding for middle schools which is addressed by HB 173. A change in the law has caused the situation in which our middle school funding would be decreased by \$ 75,620.72 which includes the permissive of \$15,124.15. These figures are taken from the fall 1989-90 enrollment figures and current ANB tables.

We do not have a way to recover these losses because of I-105. The District has had to use the provisions in Senate Bill 71 in each of the years after 1986 as our District valuation decreased by over the 5% requirement in each of the two years. Our enrollment has also declined but not to the point where we can layoff any more personnel. We have already laid off one teacher and did not fill another position created by a retirement. We also dropped one custodial position.

Some of the funds could be taken from reserves but reserves in the elementary are low at 9.6%. We have already had to use reserves because of the large amount of protested and delinquent taxes.

What does \$75,620 mean to us? First of all in our long range planning we were not worried about the new proposed accreditation standard of Project Excellence as we are already meeting most of them. With these dollars we are able to have a full-time elementary guidance counselor as well as a full-time high school guidance counselor. We have two full years of health enhancement, full year courses in art, music, shop and home-ec. Without these funds, some of these programs are in jeopardy.

Second, our 7th and 8th grade is housed in a completely separate building with all the separate maintenance costs. We have a separate building principal and office for students and staff. We believe these people are essential to the educational program, teacher supervision, student discipline and overall learning environment.

In conclusion, Huntley Project School District #24 would like to go on record in support of HB173. We would like to be grandfathered in as a first choice but if that is not

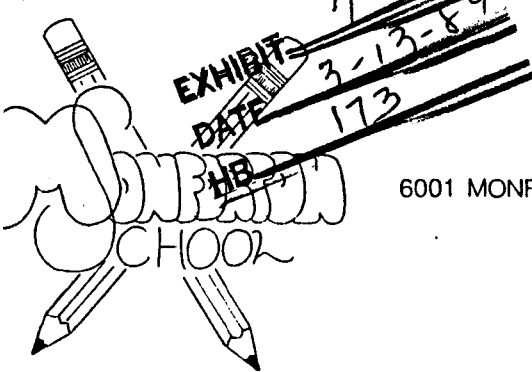
possible, then the proposed graduated loss of funding over a five year period would be better economically than a total loss of the funding. We understand that there is a possible 4% increase in the foundation program for 1989-90, but that will not even cover half of the funding loss. We also are aware of the HB203 and its funding provisions, but as it looks to us now, those provisions will not go into effect until the 190-91 school year.

We ask your consideration to continue this funding for middle schools. We are not asking for an increase as this money is already part of the current funding. We know that your tasks as legislators are difficult ones, but we believe that we have been using Foundation Program money effectively in providing a solid education program for Huntley Project Students.

Sincerely,

A handwritten signature in cursive script that reads "Ramona Stout".

Ramona Stout
Superintendent



6001 MONFORTON SCHOOL ROAD • BOZEMAN, MONTANA 59715 • PHONE (406) 586-1557

TO: House Appropriations Committee

FROM: Kathy Pattee, Principal

RE: HB 173

DATE: March 13, 1989

My name is Kathy Pattee. I am the Principal of Monforton School. Monforton School is a rural school five miles west of Bozeman. I am representing the Monforton Board of Trustees, District #27 of Gallatin County.

I am here today to speak in support of HB 173. HB 173 is of direct interest to Monforton School District because Monforton has two buildings within 100 feet of one another. Based on the revised Foundation and Permissive schedules, beginning July 1, 1989, the aggregation of ANB for fiscal year 1989-90 will cause our foundation program payments to drop by approximately \$32,000.00. This is approximately 7.5% of our general fund budget.

Although, I do not wish to reargue the case for or against aggregation of ANB, I feel that a brief review of Monforton's history will be valuable in your deliberations concerning the financial impact of the aggregation of ANB addressed in HB 173.

In 1971 and 1972 Monforton School District was faced with an overwhelming influx of students mainly due to the building boom in the Four Corners area west of Bozeman. At that time the trustees had never levied a local levy and had depended entirely on foundation and permissive funds for the operation of their district. In reviewing state laws it was obvious that the amount per child derived from the foundation program would be greater if any new facilities were built separate from the existing facility which was originally built in 1888 thus lowering or eliminating the need for any special levy. The trustees, therefore, at that time built a separate facility which now houses eight classrooms.

In 1987 SB 71 and 1105 capped the amount we could tax our individual tax payers. Because of this, we are unable to recoup any drop in revenues which places an additional hardship on our district.

HB 173 will delay the effect of the bill for our district and allow us time to adjust to the lower funding. Monforton School has approximately 200 students in a K-8 classroom setting. We employ 17 certified teachers with an equivalent of approximately 13 FTE. We have no gymnasium or lunchroom. We have no extracurricular programs except for boys and girls basketball.

Monforton School has taken pride in the fact that through heads-up management

local voters have only had to contribute 9% to the funding of their school district.

Our board realizes its responsibility to both their taxpayers and children. We feel that our prudent decisions in the past have kept local levies to a minimum for our taxpayers. We are now asking you to assist us with our responsibility to our children by mitigating the effect of a recent change in Montana Law and by supporting HB 173.

Thank you.

Not Res

Amendments to House Bill No.100
First Reading Copy

For the Committee on Appropriations

Prepared by LFA
March 13, 1989

1. Page C-14, line 10.

Strike: "2,357,180	2,873,986	92,000	2,377,280"
Insert: "2,275,752	2,533,986	50,000	2,295,146"

2. Page C-14, following line 12.

Insert: "C. Missouri River Reservations:

Fiscal 1990

General Fund 81,428

State Special Revenue 340,000

Federal Special Revenue 42,000

Fiscal 1991

General Fund 82,134

3. Page C-14, line 23.

Following: "5b,"

Insert: "5c,"

This amendment line-items the Missouri River Reservation appropriation and makes it a biennial appropriation.

E Action ~~Amend~~
Monday

Amend House Bill 100

First Reading Copy

hold

1. Page E-1, line 21.

Strike: "711,326 714,196"

Insert: "734,120 736,990"

2. Page E-1, line 23.

Strike: "1,039,039 1,039,091"

Insert: "1,170,209 1,170,261"

3
HOLD

Amend House Bill 100

First Reading Copy

1. Page E-1, line 21.

Strike: "711,326 714,196" → leave #3 Peck
Insert: "723,920 726,790"

Sub #4
Cody
leave or insert the above

②
1ST PRIORITY

- 1) \$1,447,973 - VO-TECH BOND PAYMENTS
Use 2 Mill Levy Proceeds if SB 287 becomes law and
conversion of title agreements is obtained

CONTINGENCY LIST IN CASE SB 287 FAILS

<u>ITEM</u>	<u>AMOUNT CUT</u>	<u>AMOUNT REMAINING</u>
1) Law Accreditation	\$ 75,000	\$ 75,000
2) Water Research Center	\$ 225,000	-0-
3) <u>Transition Funding:</u>		
NMC	\$ 200,000	\$300,000(1)
WMC	\$ 75,000	\$125,000(1)

(1) Provide biennial appropriation for remaining amounts

*\$4
Matters*
4) New Space:

U of M	\$ 125,000	\$225,000
MSU	\$ 25,000	\$ 50,000
EMC	\$ 10,300	\$ 20,000

5) Spring Wheat Breeder \$ 18,140 \$170,000(1)

(1) (Continues on-going program)

6) MBA Program \$ 38,926 \$260,000(1)

(1) (Continues on-going program)

*Copy
New
out*
7) State Workstudy \$ 58,664 \$118,826 *10/10
J*

8) Support Formula
(2nd year) \$ 600,000

TOTAL REDUCTIONS \$1,451,030

*24,836.10
1/2*

① *passed*

Amendments to House Bill No.100
First Reading Copy

Requested by Rep. Peck
For the Committee on Appropriations

Prepared by LFA
March 13, 1989

#7 and would that

1. Page F-2, line 23.

Strike: "391,586 391,586 391,587 391,587"
Insert: "364,520 364,520 364,520 364,520"

2. Page F-10, line 12.

Strike: "6,603,749 8,634,884 6,821,902 8,853,037"
Insert: "6,509,679 8,540,814 6,727,832 8,758,967"

3. Page F-10.

Following: Line 12

Insert: "2. Spring Wheat Breeding
 170,000 170,000"

Renumber: subsequent items

Following: line 17

Insert: "Item 2 above is a biennial appropriation."

4. Page F-11, line 7.

Strike: "27,207,422 283,296"
Insert: "26,942,094 548,624"

Page F-11, Line 13.

Strike: "13,607,536 13,607,536"
Insert: "13,342,208 13,342,208"

5. Page F-11, line 7.

Strike: "24,847,656 832,035 27,207,422 283,296"
Insert: "24,735,156 944,535 27,094,922 395,796"

Page F-11, line 9.

Strike: "710,259 710,259 710,463 710,463"
Insert: "597,759 597,759 597,963 597,963"

6. Page F-11, line 17.

Strike: "4,196,954 5,760,299 5,187,256 5,989,211"
Insert: "4,184,454 5,747,799 5,174,756 5,976,711"

4497 7. Page F-12, line 5.

Strike: "18,741,011 19,690,173 20,308,372 21,323,321"
Insert: "18,815,351 19,764,513 20,120,106 21,135,055"

Following: Line 22

Insert: "Included in Item 1 under fiscal 1990 general fund is
\$260,000 for the MBA extension program which is appropriated
for the biennium."

8. Page F-12, line 5.

Strike: "20,308,372 1,014,949"

Insert: "20,091,120 1,232,201"

Page F-12, line 11.

Strike: "11,048,816 11,048,816"

Insert: "10,831,564 10,831,564"

9. Page F-12, line 15.

Strike: "3,971,207 5,450,462 4,903,409 5,661,481"

Insert: "3,908,707 5,387,962 4,840,909 5,598,981"

10. Page F-13, line 7.

Strike: "299,910 4,897,856"

Insert: "266,950 4,864,896"

11. Page F-13, line 11.

Strike: "1,531,400 2,122,728 1,911,510 2,207,031"

Insert: "1,526,250 2,117,578 1,906,360 2,201,881"

12. Page F-13, line 21.

Strike: "4,239,888 4,239,888 4,466,100 4,466,100"

Insert: "3,989,888 3,989,888 4,216,100 4,216,100"

Following: Line 21

Insert: "2. Transition Funding"

300,000 300,000

Renumber: subsequent items

Page F-14, line 15.

Insert: "Item 2 above is for the biennium."

13. Page F-13, line 25.

Strike: "284,738 2,402,463"

Insert: "276,583 2,394,308"

14. Page F-14, line 17.

Strike: "2,262,893 2,262,893 2,398,465 2,398,465"

Insert: "2,162,893 2,162,893 2,298,465 2,298,465"

Following: Line 17

Insert: "2. Transition Funding"

125,000 125,000

Renumber: subsequent items

Page F-15, line 9.

Insert: "Item 2 above is for the biennium."

15. Page F-14, line 19.

Strike: "183,427 1,404,954"

Insert: "164,133 1,385,660"

16. Page F-15, line 15.

Strike: "530,170 2,821,464"

Insert: "468,628 2,759,922"

2
HOLD

passed

Amend House Bill 100

First Reading Copy

1. Page E-1, line 23.

Strike: "1,039,039 1,039,091"

Insert: "1,061,039 1,061,091"

A 3
Passed

Amendments to House Bill No.100
First Reading Copy

Requested by Rep. Peck
For the Committee on Appropriations

Prepared by LFA
March 11, 1989

1. Page F-4, line 14.

Insert: "Item 18 may not be expended unless the Board of Regents obtains a contract from the school district which insures that the State of Montana receives deed to the vocational-technical center facility for the cost of retiring the outstanding bond."

In Re
3

MONTANA SCHOOL FOR THE DEAF AND BLIND

Vacant Positions Deleted for 1991 Biennium

Deleted by Committee

Position 424 - Administrative Clerk - 0.82 FTE - \$9,708 per year

Fiscal 1989 - Vacant year to date - vacated 6-17-1988

Fiscal 1988 - Filled all year

Fiscal 1987 - Filled all year

Added Back by Subcommittee

Position 3323 - Cottage Life Attendent - 0.77 FTE - \$9,628 per year

Fiscal 1989 - Vacant Year to Date

Fiscal 1988 - Vacant all Year

Vacancy Savings - Fiscal 1988

<u>Program</u>	<u>Realized</u>	<u>Budgeted</u>	<u>Net</u>
Administration	\$ 3,256	\$ 5,639	\$ (2,383)
General Services	- 0 -	3,713	(3,713)
Student Services	73,640	23,623	50,017
Education	<u>22,346</u>	<u>- 0 -</u>	<u>22,346</u>
Total	\$99,242 =====	\$32,975 =====	\$66,267 =====

Use of Vacancy Savings - Fiscal 1988

I and I Revenue Shortfall	\$20,403
Operating Expenses - Administration	3,905
General Services	13,459
Education	21,665
Equipment - General Services	<u>1,324</u>
Total	\$60,756 =====

6 *Pass*

Amendments to House Bill No.100
First Reading Copy

Requested by Rep. Peck
For the Committee on Appropriations

Prepared by LFA
March 13, 1989

1. Page F-10, line 7.

Insert: "The commissioner of higher education may transfer county millage collections among centers. Millage received by the centers from the 1.5-mill levy that in the aggregate exceeds \$787,000 in fiscal 1990 and \$796,000 in fiscal 1991 must cause a general fund reversion of a like amount each year. Any voted millage funds available for the vocational-technical centers are appropriated."

#6
Passed

Amendments to House Bill No.100
First Reading Copy

For the Committee on Appropriations

Prepared by LFA
March 10, 1989

1. Page F-10, line 20.

Strike: "2,146,188 4,199,540 2,303,698 4,383,273"

Insert: "2,161,868 4,215,220 2,319,378 4,398,953"

This amendment increases general fund support by \$15,680 in each year of the biennium to restore the 1988 appropriated level in the Extension Service budget.

#7
Cody
Gail

Amendments to House Bill No.100
First Reading Copy

Requested by Rep. Cody
For the Committee on Appropriations

Prepared by LFA
March 11, 1989

1. Page F-4, line 16

Strike: "212,958 35,972 202,822 33,133"

Insert: "221,358 27,572 211,222 24,733"

State job-development plan provides an enduring legacy

The House Business and Economic Development Committee will hold a hearing Monday on a comprehensive job-development bill that could go a long way toward revitalizing Montana's economy.

The measure, HB300, was prepared by House Speaker John Vincent, D-Bozeman, after four years of research and a disappointing defeat in the 1987 session. A similar bill won handy approval in the House that year but was killed by the Senate.

The legislation — dubbed the Montana Jobs Act — would earmark 25 percent more coal tax trust fund money to help small businesses expand, lure new business to the state, provide advanced job training, obtain state-of-the-art technology and equipment for university system research and provide more money for state Science and Technology Alliance loans. A companion bill now being drafted would promote tourism, Vincent adds.

Using coal-tax trust money for those purposes would require voter approval in the 1990 election, the Bozeman lawmaker notes. The long-term cost: up to \$50 million, although a portion would be used for bonding collateral and would not be an outright expenditure.

Vincent has six other bills pending that deal with economic development:

Two which have been approved in committee deal with creating a value-added products commission and holding an annual state business conference. Four others will be introduced soon — 1. A bill to provide low-interest loans, in the \$5,000 to \$25,000 range, to small businesses. 2. Establishment of six "world-class" tourist

welcoming centers around the state. 3. Simplification of the state business licensing system. 4. A program to allow parents to prepay their children's college tuition. Funds collected would finance bonds to construct a new business school at the University of Montana, a science complex at Montana State University and a classroom addition at Eastern Montana College.

The primary job-development bill, HB300, doesn't face easy sledding even if legislators approve it. There's no guarantee the state's citizens will vote to fund it from the coal tax trust. Many feel the trust should continue to receive 50 percent of coal tax proceeds as a legacy for future generations.

We support Vincent's proposals for two reasons: 1. They represent the only complete (and workable) package under current consideration. 2. Although there may be a reluctance to "raid" the coal tax trust, this longterm program can readily be justified as the most important legacy of all — future jobs for Montanans.

The bill has only slight influence on the state budget for the next biennium, which is obviously the biggest problem that lawmakers face this session. There have been proposals to divert more coal revenue to operating budgets, but most lawmakers agree the necessary three-fourths approval of the Legislature cannot be obtained for budget relief.

It's also obvious that such a major jobs package can't be included in the next state budget.

HB300 deserves legislative approval. We think it also deserves support from the people in a 1990 funding referendum.

Our readers' opinions

A sick cartoon

Whatever your political per-

I am saddened by the Jan. 25 letter to the Tribune by Dr. Ray-

currently yields between 11 and 12 percent interest. Almost all of the

EXHIBIT 1
DATE 3-13-89
HB 600



TESTIMONY BY LAURIE SHADOAN
BOZEMAN AREA CHAMBER OF COMMERCE

BEFORE THE APPROPRIATIONS COMMITTEE
HOUSE BILL 600
MARCH 13, 1989

Chairman Bardanouve, Members of the Appropriations Committee, I am Laurie Shadoan of the Bozeman Chamber of Commerce. I would like to go on record in support of HB 600. The Bozeman Chamber has a membership of 650 businesses. Our position statement supports reductions in state spending and the streamlining of regulatory agencies. This bill would send a positive message to businesses by trying to eliminate some of the red tape involved in the licensing (new or renewals) process.

As a restaurant and bar owner, I have 9 different licenses for my business. The following is the breakdown of these licenses-

Federal license

Beer and Wine (\$250.00)

State licenses

State liquor license (\$1050.00)

State poker license (100.00)

License to sell food (\$30.00)

Store license (\$11.00)

Annual incorporation fee (\$15.00)

City licenses

City liquor license (\$500.00)

City poker license (\$100.00)

City business license (\$125.00)

Although this bill would take an appropriation, it would be money well spent in the long run. We urge your support of HB 600.

*Amended
Passed*

EXHIBIT *late* Amendments to House Bill No. 463
Third Reading Copy
DATE *3/13* Requested by Representative Thoft
HB *of 63* For the House Committee on Appropriations

March 10, 1989

1. Title, line 15.
Strike: "PROVIDING AN APPROPRIATION;"
2. Page 14, lines 2 through 19.
Strike: section 3 in its entirety
Renumber: subsequent sections

Sponsor of H.B. 373 Representative Hannah

said he would suggest to the committee that they amend the amendments that were put on in State Administration committee by taking them out of the bill.

The bill was introduced to deal specifically with the motion that was passed on the House floor with the feed bill to provide for two extra trips home for members of the Legislature. He said the Fiscal Note deals specifically with that. He said in the State Administration Committee, on lines 24 and 25 of page 1, and line 1 of page 2, amended the bill to include a per diem increase to the allowable federal level applicable this session and sessions going forward. He said to strike the part on per diem. He said what he would recommend to the committee is to leave the portion of the bill which is line 2, page 15 where we have 5 additional round trips which are already funded in the feed bill. He said he did not know if the new Section 2 was done in committee, or was in the bill that way. (Rep. Bardanouve said the Fiscal Analyst will check that)

Rep. Marks asked if Section 2 was necessary now, and Rep. Hannah said Rep. Marks may be right, it is obviously a coordination clause. He did not know if it relates to the bill they killed on the floor, or other folks killed on the floor. (Bardanouve said the fiscal analyst will check that.)

Rep. Hannah said the bill as introduced was simply to codify what we approved in the feed bill which was adding two additional trips. It was drafted improperly and we had to cut it back to 5. That is line 15. He said in looking at the Title, the underlined on lines 8 and 9 would indicate it should come out.

Amended

Amendments to House Bill No. 373
Second Reading Copy

For the Committee on Appropriations

Prepared by Robert Person
March 7, 1989

1. Title, lines 4 and 5.

Strike: "THE" on line 4 through "AND" on line 5

2. Title, lines 8 and 9.

Strike: "PROVIDING" on line 8 through "1989;" on line 9

3. Pages 1 and 2, line 24 on page 1 through line 1 on page 2.

Strike: "A DAILY" on page 1, line 24 through "AS AMENDED" on page
2, line 1

Insert: "\$50 a day"

4. Pages 2 and 3, lines 22 on page 2 through 14 on page 3.

Strike: Section 2 in its entirety

Renumber: subsequent section

VISITORS' REGISTER

Appropriations COMMITTEE

BILL NO. 433DATE March 13, 1989SPONSOR Bachini

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Bob Clark	Marion Historical Society	✓	
Rep Bob Bachini		✓	
Gloria Hermanen	MT Cultural Adv	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

Appropriations COMMITTEE

BILL NO. H8193

DATE 3-13-89

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Peggy M. McElfish	Miles City	X	
Delia Schlegel	Helena	X	
Marilyn R LeBlond	Sidney	X	
Nancy A. Gills	Sidney	X	
Mary C Bushong	Billings	X	
Myrtle Davis	Dillon	X	
Regina Nielsen	Reelless	X	
Roberta Green	Great Falls	X	
Loretta Sand	Glasgow	X	
Carolyn Ehardt	Helena	X	
Don Scanlin	Red Lodge	X	
Deana Loble	Helena	X	
Joan Bishop	Helena	X	
Barrett Helge	Helena	X	
William C. Clammitt	Helena	X	
Natalee E. Rice	Helena	X	
Joan K. Smith	Missoula	X	
Ted Schmidt	Missoula	X	
Nicolet G. Whearty	Helena	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

Appropriations

COMMITTEE

BILL NO. 193DATE 3-13-89

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Robert Bigant	Missoula, MT	X	
Mary Olsen	Townsend, MT	X	
Norm Albrechts	Bozeman MT	X	
Lisa Dunn	Butte, MT	X	
Joanne Lerud	Butte MT	X	
Gloria Hermanson	MT Cultural Adv	X	
Florence Kettering	Lewistown	X	
Jim Hecker	Cot Falls	X	
James Andrew	Glasgow	X	
Libby Swolle	Lewistown	X	
Barbara Ridgway	Helena	X	
Darlene H. Stafford	East Helena	X	
Helmer Lee	Plentywood	X	
Sheila Lee	"	X	
Sheila Carter	Helena	X	
Dana Hall	Townsend	X	
Sharon Borer	"	X	
KUCE Newell	Helena	X	
Richard Miller	Helena - MT State Library	X	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

Appropriations COMMITTEEBILL NO. SB80DATE 3-13-89

SPONSOR _____

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Teresa Timm	Dept. Admin.	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

Appropriations

COMMITTEE

BILL NO.

HB 555

DATE

March 13, 1989

SPONSOR

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Robert Windel	1175 16th St Hays		✓
Bruce W. Muerer	MSBA	✓	
Ron Bennett	1801 16th Ave S St. Falls		✓
Loeen 'Bum' Stiffarm	Box 848 HARLEM MT	✓	
Mike Button	Hays MT POB 880	✓	
John Peterson	Box 880, Hays, MT.	✓	
Mike V. Campbell		✓	
Louise Doney Hawley	Hays, MT POB 1926	✓	
Robert Fox	Hays, MT Box 351	✓	
Claudette Morton	Board of Public Ed	✓	
Tim Niklas	Montana Education Assoc.	✓	
Stuart Maggill	St.		
Stuart Maggill	State Public Works Office	SB 78 →	✓

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

Appropriation

COMMITTEE

BILL NO. SB 78

DATE March 13, 1989

SPONSOR

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

Appropriations

COMMITTEE

BILL NO.

HB 173

DATE

3-13-89

SPONSOR

NAME (please print)	RESIDENCE	SUPPORT	OPPOSE
Webb Harrington	Hamilton	✓	
Kathy Harte	Monforton-Begeman	✓	
J. Henry Smith	MACSS	✓	
Shelli			
F. J. J. J.	L.I. School	✓	
Ron Bunn	St. Falls		✓
Jean Hagan	Bigfork	✓	
Ramona Stout	Huntley Project School, Warden	✓	
Tony Togneth	Stevensville Schools	✓	
Don Wetzel	Connelly's Exhds	✓	
J. J. J. J.	Ward		
Bruce W. Moerer	MSBA	✓	
John A. Fuchs	Lolo	✓	
Blair J. J. J.	MT Cultural Ctr		
Larry L. L. L.	Arlee	✓	
Steve Gault	Chavico	✓	
Bob Aughaus	Evergreen	✓	
Lourene Murphy	Swan River	✓	

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

VISITORS' REGISTER

Appropriations COMMITTEE

BILL NO. 609

DATE 3-13-89

SPONSOR _____

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR WITNESS STATEMENT FORM.

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

ROLL CALL VOTE

HOUSE APPROPRIATIONS COMMITTEE *Ed.*
 DATE 3-13-89 BILL NO. 100 NUMBER 1

NAME	AYE	NAY
REPRESENTATIVE SPAETH		✓
REPRESENTATIVE PECK	✓	
REPRESENTATIVE IVERSON	✓	
REPRESENTATIVE SWIFT	✓	
REPRESENTATIVE OUILICI		✓
REPRESENTATIVE BRADLEY		✓
REPRESENTATIVE PETERSON	✓	
REPRESENTATIVE MARKS	✓	
REPRESENTATIVE CONNELLY		✓
REPRESENTATIVE MENAHAN		✓
REPRESENTATIVE THOFT	✓	
REPRESENTATIVE KADAS		✓
REPRESENTATIVE SWYSGOOD		✓
REPRESENTATIVE KIMBERLEY		✓
REPRESENTATIVE NISBET		✓
REPRESENTATIVE COBB	✓	
REPRESENTATIVE GRINDE	✓	
REPRESENTATIVE CODY	✓	
REPRESENTATIVE GRADY		
REPRESENTATIVE BARDANOUE	✓	

TALLY

10 9

Sylvia Kinsey
Secretary

Representative Bardanouve
Chairman

MOTION:

Peck
7 out
Motion on ② to adopt amendments leaving
7 out.
Passes

ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

DATE 3/13 BILL NO. 100 NUMBER 4

NAME	AYE	NAY
REPRESENTATIVE SPAETH		
REPRESENTATIVE PECK		✓
REPRESENTATIVE IVERSON		✓
REPRESENTATIVE SWIFT		✓
REPRESENTATIVE QUILICI	✓	
REPRESENTATIVE BRADLEY	✓	
REPRESENTATIVE PETERSON		✓
REPRESENTATIVE MARKS		
REPRESENTATIVE CONNELLY	✓	
REPRESENTATIVE MENAHAN	✓	
REPRESENTATIVE THOFT		✓
REPRESENTATIVE KADAS	✓	
REPRESENTATIVE SWYSGOOD		✓
REPRESENTATIVE KIMBERLEY	✓	
REPRESENTATIVE NISBET	✓	
REPRESENTATIVE COBB		✓
REPRESENTATIVE GRINDE		✓
REPRESENTATIVE CODY	✓	
REPRESENTATIVE GRADY		
REPRESENTATIVE BARDANOUE		✓

TALLY

8 9

Sylvia Kinsey
Secretary

Representative Bardanoue
Chairman

MOTION:

Cody Sub Motion
4

on Peck

ROLL CALL VOTE

HOUSE APPROPRIATIONS COMMITTEE
 DATE 3-13-89 BILL NO. 100 NUMBER # 2

NAME	AYE	NAY
REPRESENTATIVE SPAETH	✓	
REPRESENTATIVE PECK	✓	
REPRESENTATIVE IVERSON	✓	
REPRESENTATIVE SWIFT		✓
REPRESENTATIVE OUILICI		✓
REPRESENTATIVE BRADLEY		✓
REPRESENTATIVE PETERSON		✓
REPRESENTATIVE MARKS	✓	
REPRESENTATIVE CONNELLY		✓
REPRESENTATIVE MENAHAN		✓
REPRESENTATIVE THOFT	✓	
REPRESENTATIVE KADAS		✓
REPRESENTATIVE SWYSGOOD	✓	
REPRESENTATIVE KIMBERLEY		✓
REPRESENTATIVE NISBET		✓
REPRESENTATIVE COBB		✓
REPRESENTATIVE GRINDE	✓	
REPRESENTATIVE CODY		✓
REPRESENTATIVE GRADY	<i>absent</i>	
REPRESENTATIVE BARDANOUE	✓	

TALLY

8 11

Sylvia Kinsey
 Secretary

Representative Bardanoue
 Chairman

MOTION: Low Motion in regard to segregate # 7 ex 2

The motion is to leave the money for
7 in & not a cut as the others.
The cut does not apply to # 7 on workstudy,
& # 7 is not included in the other cuts - ex 2

ROLL CALL VOTE

HOUSE APPROPRIATIONS

COMMITTEE

DATE 3-13-89 BILL NO. HB 373 NUMBER _____

NAME	AYE	NAY
REPRESENTATIVE SPAETH	✓	
REPRESENTATIVE PECK		
REPRESENTATIVE IVERSON	✓	
REPRESENTATIVE SWIFT		✓
REPRESENTATIVE OUILICI		
REPRESENTATIVE BRADLEY	✓	
REPRESENTATIVE PETERSON	✓	
REPRESENTATIVE MARKS		✓
REPRESENTATIVE CONNELLY	✓	
REPRESENTATIVE MENAHAN	✓	
REPRESENTATIVE THOFT	✓	
REPRESENTATIVE KADAS		
REPRESENTATIVE SWYSGOOD	✓	
REPRESENTATIVE KIMBERLEY	✓	
REPRESENTATIVE NISBET	✓	
REPRESENTATIVE COBB		✓
REPRESENTATIVE GRINDE		✓
REPRESENTATIVE CODY		✓
REPRESENTATIVE GRADY	✓	
REPRESENTATIVE BARDANOUE		✓

TALLY

11 5

Sylvia Kinsey
Secretary

Representative Bardanoue
Chairman

MOTION: HB 373

ROLL CALL VOTE

HOUSE APPROPRIATIONS COMMITTEE
 DATE 3/13/89 BILL NO. 240 NUMBER _____

NAME	AYE	NAY
REPRESENTATIVE SPAETH	✓	
REPRESENTATIVE PECK		
REPRESENTATIVE IVERSON	✓	
REPRESENTATIVE SWIFT		✓
REPRESENTATIVE OUILICI		
REPRESENTATIVE BRADLEY	✓	
REPRESENTATIVE PETERSON		✓
REPRESENTATIVE MARKS		✓
REPRESENTATIVE CONNELLY		✓
REPRESENTATIVE MENAHAN	✓	
REPRESENTATIVE THOFT		✓
REPRESENTATIVE KADAS		
REPRESENTATIVE SWYSGOOD		✓
REPRESENTATIVE KIMBERLEY	✓	
REPRESENTATIVE NISBET	✓	
REPRESENTATIVE COBB		✓
REPRESENTATIVE GRINDE		
REPRESENTATIVE CODY	✓	
REPRESENTATIVE GRADY		✓
REPRESENTATIVE BARDANOUVE	✓	

TALLY

8 8

Sylvia Kinsey Representative Bardanouve
 Secretary Chairman

MOTION:

Roll call
24016

L. C. P. H.